

2018 Annual Report

Michigan State Tax Commission



Adopted by the State Tax Commission
February 12, 2019

About the State Tax Commission

The State Tax Commission was created by Act 360 of 1927 and is charged with providing general supervision of the administration of the property tax laws of the State of Michigan. Appendix 1 provides a list of the Public Acts for which the Commission administers property tax related functions. The Commission is comprised of three members appointed by the Governor with the advice and consent of the Senate. Biographical information about the Commission members is included in Appendix 2. Submission of this annual report is mandated by MCL 211.151.

Executive Order 2009-51, effective December 28, 2009 eliminated the “old” State Tax Commission and the State Assessors Board and combined both into a new single entity called the “new” State Tax Commission (the Commission). This provides for more efficient administration of property tax programs and a single point of entry for taxpayers, local units and assessors to direct questions or concerns related to assessment administration.

Primary Responsibilities

Pursuant to MCL 209.104, the primary duty of the State Tax Commission is to have general supervision of the administration of the property tax laws of the State, and to render assistance and give such advice and counsel to the assessing officers of the State as the Commission deems necessary and essential to the proper administration of the laws governing assessments and the levying of taxes in this State. Executive Order 2009-51 also gave the Commission the responsibility for certification and education of assessors. Following is a summary of the key components of the work of the Commission.

➤ State Equalized Valuations

The Commission reviews and approves the state equalized valuation for each of six separately equalized classifications of property for each of the 83 counties on an annual basis. The state equalized valuation is used in calculating the taxable valuations, which are the legal tax base for the levy of all authorized property taxes. The recommended state equalized valuations are prepared by staff after assembling, reviewing and analyzing statistical projections, summaries, property descriptions, and other data received from each county equalization department. Each county must prepare and submit an annual equalization study for this purpose.

➤ **Assessment of State Assessed Properties**

As required by MCL 207.1 – 207.21, the Commission annually adopts assessed and taxable valuations and prepares the tax roll for railroad, telephone, telegraph, and railroad car line companies. Because the assets and properties of these entities may be located throughout the State and in order to provide one tax bill for each company, assessment is made at the state rather than the local level.

➤ **Omitted and Incorrectly Reported Property**

In accordance with MCL 211.154, the Commission, receives, reviews and processes notifications of omitted and incorrectly reported real or personal property for the purpose of placing these properties on the assessment rolls. Notifications of omitted or incorrectly reported real or personal property may be received from the local assessing officers or from individual taxpayers.

➤ **Valuation of DNR-Owned Lands**

P.A. 603 of 2012 provided that beginning in 2013, the property values for DNR PILT property shall be the greater of the following: the prior value established which shall not increase by more than the CPI as defined in the Constitution or 5% whichever is less; or the taxable value calculated under MCL 211.27a. P.A. 603 of 2012 also allows PILT to apply to special assessments and to base PILT on current millage rates. The valuations certified by the Commission include recreational lands, timber-lands, state forest lands and similar lands purchased after 1933. The Commission does not place a valuation on “swamp tax” lands as a specific tax is paid on these lands.

➤ **Education and Certification of Assessing Officers**

Executive Order 2009-51 transferred responsibility for certification and education of assessors to the State Tax Commission. During 2018, the State Tax Commission continued offering programs for the Michigan Certified Assessing Technician (MCAT), Michigan Certified Assessing Officer (MCAO), Michigan Advanced Assessing Officer (MAAO) and Michigan Master Assessing Officer (MMAO) certifications.

➤ **Administrative Duties**

A variety of duties are involved in the administration of property tax related functions of the Public Acts within the jurisdiction of the Commission (Appendix 1), including:

- ❖ Prepare, approve, process and issue various forms, applications, certificates, technical guidance bulletins, memoranda, instructional training materials and manuals for dissemination to property owners, attorneys, county equalization directors, assessors and other tax officials. Provide and assist in organizing formal training schools for these individuals. Approve certification for qualified

personal property examiners of local governmental units and county equalization departments.

- ❖ The State Tax Commission in 2010 created Advisory Committees to assist in the review and recommendation on critical assessment administration issues. These Committees include the Assessor Discipline Committee and the Education and Certification Committee, which continued to meet during 2018.
- ❖ Review complaints received from local assessors or individual taxpayers regarding assessment practices in local assessing units. The Commission's adopted complaint process and procedure was designed to ensure equity, fairness and due process for both the complainant and the accused.
- ❖ Oversee and maintain direct involvement in any additional property tax matters as provided by statute.

➤ **Audit of Minimum Assessing Requirements (AMAR)**

MCL 211.150 provides for the general duties of the State Tax Commission to specifically include:

To have and exercise general supervision over the supervisors and other assessing officers of this state, and to take such measures as will secure the enforcement of the provisions of this act, to the end that all the properties of this state liable to assessment for taxation shall be placed upon the assessment rolls and assessed at that proportion of true cash value which the legislature from time to time shall provide pursuant to the provisions of article 9, section 3 of the constitution.

Additionally, MCL 211.10f indicates in part:

If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll.

In order to meet these statutory requirements, the State Tax Commission has contracted with Tax Management Associates to conduct AMAR reviews in all local units in the State. The new five-year cycle began in 2018 with 320 local units reviewed in 18 Counties. Of the 320 local units reviewed, 48 had perfect AMAR reviews.

During 2018, follow up reviews were conducted in 192 local units. Of the 192 follow up reviews completed in 2018, only 67 local units corrected all of the deficiencies noted from their prior review. 109 local units need an additional follow up review and 33 of those have already had multiple follow up reviews.

2018 Accomplishments

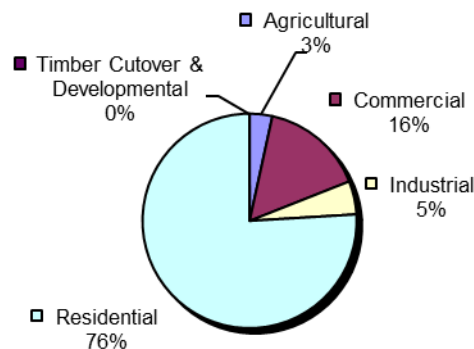
As required by MCL 211.149, the State Tax Commission met in formal session nine (9) times during calendar year 2018. The Commission follows the requirements of the Open Meetings Act. The agenda and minutes for each meeting are on the Commission web page at www.michigan.gov/statetaxcommission.

✓ State Equalized Valuations

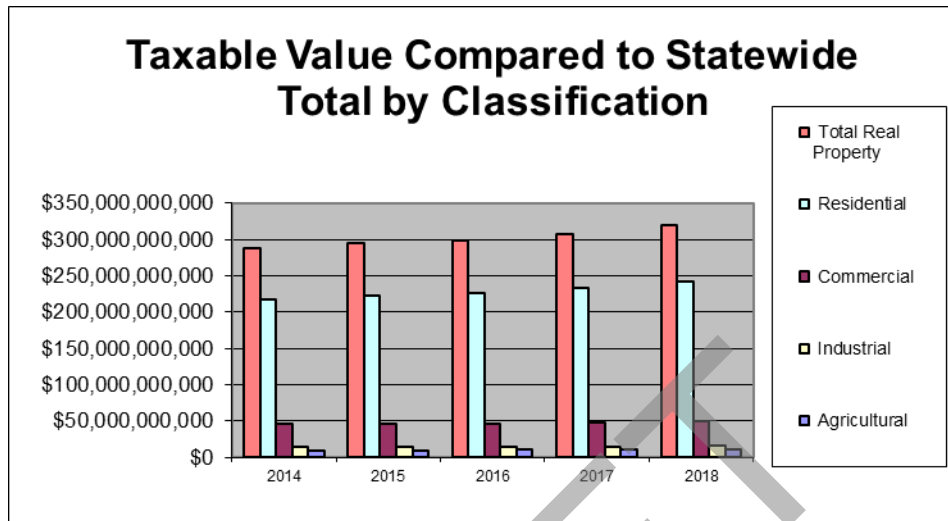
The State Tax Commission finalized and approved the 2018 state equalized valuations for each property classification by county (Appendix 3) on May 29, 2018, as required by MCL 209.4. The total statewide summary is provided in the table below.

2018 State Equalized Valuation and Taxable Valuation State-Wide Classification Summary		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$23,875,149,909	\$10,936,948,543
Commercial	\$59,886,541,936	\$49,881,422,960
Industrial	\$18,399,190,366	\$16,070,194,723
Residential	\$298,806,291,873	\$243,015,578,106
Timber - Cutover	\$221,738,864	\$109,946,027
Developmental	\$113,310,652	\$62,068,079
Total Real Property	\$401,302,120,700	\$320,076,158,438
Total Personal Property	\$28,268,257,483	\$28,185,496,790
Total Real & Personal Property	\$429,570,378,183	\$348,261,655,228

2018 Taxable Value by Classification

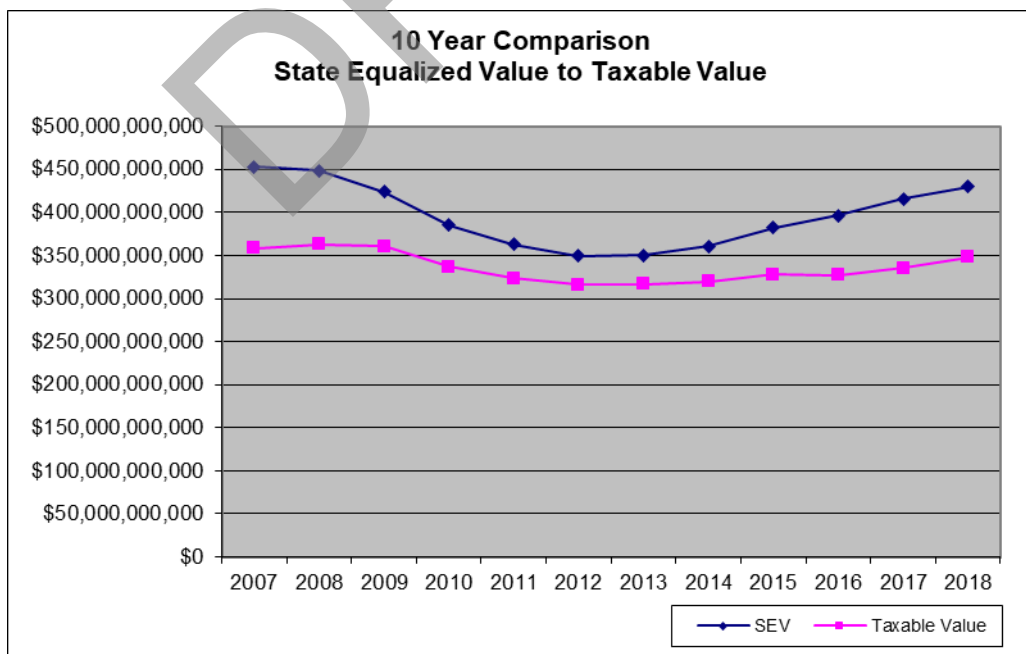


This report includes a five-year history of state equalized valuations and taxable valuations for each property classification in Appendix 4. The bar graph below illustrates the comparison of taxable valuation of each classification to the statewide total taxable valuation over a five-year period.



Note: Total Taxable Valuations for the Timber-Cutover and Developmental classifications are negligible as a percentage of the total of all classifications and do not appear on the graph.

Prior to 1994, property was assessed and taxed at 50 percent of true cash value. Beginning in 1994, Proposal A established the concept of taxable valuation to provide for the levy of property taxes on a value which cannot increase from year to year by more than 5 percent, or the rate of inflation, whichever is less, until a transfer of ownership occurs.



The following table provides the total statewide annual tax levy based on taxable valuation for the last five years.

Year	Taxable Valuation	Total Tax Levied
2013	\$316,736,945,593	\$12,817,640,021
2014	\$319,501,803,623	\$13,033,563,272
2015	\$327,732,524,070	\$13,475,399,279
2016	\$327,405,758,407	\$13,653,142,170
2017	\$335,481,172,309	\$13,983,326,284
2018	\$348,260,934,781	Available Mid 2019

✓ **Assessment of State Assessed Properties**

As required by MCL 207.1 - 207.21, the Commission adopts the assessed and taxable valuation of railroads, telephone companies and railroad car loaning companies. Appendix 5 provides a 5-year history.

✓ **Omitted and Incorrectly Reported Property**

The Commission acted on 810 petitions regarding omitted or incorrectly reported real and personal property in 2018. Petitions are received from local assessors or individual taxpayers. The following table indicates the total number of petitions acted upon by the Commission in each of the last five years.

Petition Type	2013	2014	2015	2016	2017	2018
Non-Concurrence	1154	592	500	431	494	300
Concurrence	760	648	574	490	407	510
Total	1914	1240	1,074	921	901	810

Note: Non-Concurrence = property owner/taxpayer did not agree with the local assessor
Concurrence = property owner/taxpayer agreed with local assessor

✓ **Certification and Education of Assessors**

During 2010, the State Tax Commission became responsible for the certification and education of assessors. At that time the Commission revised all educational programs and authorized staff to offer these new programs as pilot programs for a three-year period. In September 2013, the Commission made program changes based upon the review of the programs and the recommendations of staff and authorized the continuation of the new educational programs.

The MCAT Program was offered by both outside organizations and by the State at various locations throughout the State. The program continues to be very successful with 143 new MCAT's certified in 2018.

MCAO Programs were offered as 6 month online/lecture hybrids in January 2018 in both Lansing and Marquette and in June 2018 in Lansing. Additionally, we continue to offer the Self-Study program. There were 75 new MCAO's certified during 2018.

The MAAO one year online/lecture hybrid was offered in April and October 2018. In addition, the self-paced courses were offered through outside organizations and through the State during 2018. We also developed and offered a Michigan Specific USPAP course to fulfill the MAAO requirement. There were 71 new MAAO's certified during 2018.

The MMAO one-year case study program began in October 2017. We had no successful candidates from that course. We then added a May 2018 session and have only two candidates remaining in that session. We also offered an October 2018 session and have two candidates remaining in that session

During 2018, we opened an online continuing education classroom using our Moodle classroom. We offered four classes that provided 4 hours each of continuing education credit. During 2018, we had over 700 assessors sign up for one or more classes and over 85% successfully completed one or more classes.

The following is a summary of each of the Committee's work and new program development during 2018:

- **Education and Certification:** Education and Certification Committee Members Ruth Scott, Linda Stevenson, Ed VanderVries and Nick Wheeler met in person and electronically during 2018. This Committee continued to work on the development of educational programming and reviewed requests for approval of elective continuing education classes as well as requests for certification level waivers. The Committee recommended that all 16 hours of continued education required for 2020 recertification may be completed through approved online courses. During 2018, this committee continued to review certification level requirements for cities, township's and counties. The committee reviewed the waiver process regarding the impact of personal property tax changes with certification level requirements.
- **Discipline Advisory:** In December of 2015, the State Tax Commission updated the Complaint Process Regarding Assessment Administration Practices. Assessor Discipline Advisory Committee Members Scott Engerson, Polly Cairns and Raman Patel met two times during 2018. The Committee reviewed several complaints and made recommendations to the Commission. A total of 14 assessors appeared before the Assessor Discipline Advisory Committee in 2018.

✓ **Administrative Duties**

1. The Commission issued 19 Bulletins in 2018, several of which are annual updates of prior bulletins to correspond to the current year. Appendix 6 provides a complete list of the 2018 Commission Bulletins.

2. Under specific circumstances provided for in the General Property Tax Act, the Commission is statutorily required to assume jurisdiction of the assessment roll of a local unit as provided by MCL 211.10(f). In 2018, the Commission assumed jurisdiction of the roll for 18 local units because the local unit failed to correct the AMAR deficiencies by the stated time and 16 because the local unit did not have a properly certified assessor.
3. As provided by MCL 211.34c, in 2018 the Commission received 22 petitions of appeal of property classifications from property owners or local assessors.

Year	Number of Classification Appeals Received
2014	69
2015	37
2016	31
2017	19
2018	22

4. The State Tax Commission at their meeting on December 12, 2017 approved changes to the Personal Property Examiner Program (PPE). State Tax Administrative Rule R 209.24 provides for the issuance of Personal Property Examiner (PPE) Certificates by the State Tax Commission upon successful completion of an examination. By virtue of passing certification level examinations, the State Tax Commission determined that beginning January 1, 2019 all assessing officers in Michigan certified at the Michigan Certified Assessing Officer (MCAO), Michigan Advanced Assessing Officer (MAAO) and Michigan Master Assessing Officer (MMAO) level will be automatically granted a PPE endorsement on their assessor certification and will no longer be required to maintain a separate PPE Certification. Individuals who are not certified at the MCAO, MAAO or MMAO level but are employed by or under contract with an assessor's office, County Equalization Department or the State Tax Commission will follow the path to PPE Certification available on the STC website.
5. Beginning December 31, 2014, Public Act 456 of 2014 allowed an exemption from the collection of taxes under MCL 211.7kk of the General Property Tax Act, Public Act 206 of 1893, for charitable nonprofit housing organizations that own eligible nonprofit housing property. Staff reviews the applications and makes recommendations to the State Tax Commission to grant or deny the exemption after consultation with the State Treasurer or designee as required by the Act. In 2018, the Commission acted on 60 applications and granted approval to 60 of the charitable nonprofit housing organization exemption applications.
6. As provided by various Public Acts, the Commission received and reviewed applications in 2018 for each of the statutory exemption programs. Staff reviews the applications and makes recommendations to the Commission to approve or deny the applications.

5 Year Summary of Exemption Certificates Granted

Type of Certificate	2014	2015	2016	2017	2018
Industrial Facility Exemptions	547	265	177	210	184
Air Pollution Control Exemptions	31	13	12	9	6
Water Pollution Control Exemptions	100	25	24	37	63
Obsolete Property Rehabilitation	21	31	43	40	30
Personal Property Exemptions	35	7	4	10	3
Neighborhood Enterprise New & Rehab	73	219	54	73	184
Commercial Rehabilitation	6	36	18	17	23
Total	813	596	332	393	493

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STATE TAX COMMISSION

2018 ANNUAL REPORT

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APPENDIX 1

Public Acts under State Tax Commission Jurisdiction

The State Tax Commission administers Public Act 206 of 1893, the General Property Tax Act, as amended, and also administers related functions as follows:

1. Air Pollution Control Exemptions - Act 451, P.A. 1994, Part 59 as amended.
2. Water Pollution Control Exemptions - Act 451, P.A. 1994, Part 37 as amended.
3. Industrial Facility Exemptions - Act 198, P.A. 1974, as amended.
4. Commercial Facility Exemptions - Act 255, P.A. 1978, as amended.
5. Solar, Wind and Water Exemptions - Act 135, P.A. 1976.
6. Multiple Housing Exemptions - Act 438, P.A. 1976, as amended.
7. Farmland and Open Space Exemptions - Act 116, P.A. 1974, as amended.
8. Utility Assessments and Average Tax Rate - Act 282, P.A. 1905.
9. Appraisal of Department of Natural Resources Properties - Act 91, P.A. 1925.
10. Mining Assessments - Act 66, P.A. 1963.
11. Personal Property Examiner Certification - Act 40, P.A. 1969.
12. State Revenue Sharing Program - Act 140, P.A. 1971, as amended.
13. Single Business Tax - Inventory Reimbursement - Act 228, P.A. 1975, as amended.
14. Railroad Abandoned Right of Way and Adjacent Land Sales – Act 85, P.A. 1984.
15. Neighborhood Enterprise Zones Act - Act 147, P.A. 1992.
16. Renaissance Zones – Act 376, P.A. 1996.
17. Downtown Development Authority - Act 197, P.A. 1975.
18. Tax Increment Finance Authority - Act 450, P.A. 1980.
19. Local Development Finance Authority - Act 281, P.A. 1986.
20. Technology Park Districts - Act 385, P.A. 1984.
21. Review of Appraisals of Tax-Reverted State Lands - Act 60, P.A. 1995.
22. Obsolete Property Rehabilitation Act - Act 146, P.A. 2000.
23. New Personal Property Exemptions – Act 328, P.A. 1998, as amended.
24. Commercial Rehabilitation Exemptions – Act 210, P.A. 2005, as amended.
25. State Essential Services Assessment Act – Act 92 of 2014
26. Alternative State Essential Services Assessment Act – Act 93 of 2014

APPENDIX 2

Members of the State Tax Commission

Douglas B. Roberts

Douglas B. Roberts has served as a member of the State Tax Commission since January 1, 2003 and as Chairman of the Commission since January 2011. Dr. Roberts has served as Director of the Office of State Employer, as both Deputy Director and Acting Director of the Department of Management and Budget, as Deputy Superintendent of Public Instruction, Director of the Senate Fiscal Agency, and as State Treasurer. Dr. Roberts received both his doctorate and master's degrees from Michigan State University.

W. Howard Morris

W. Howard Morris was reappointed to the State Tax Commission in November 2017 to a four-year term expiring December 27, 2021. Mr. Morris has 30 years of professional accounting and financial experience and is the president and CIO of the Prairie & Tireman Group in Detroit. He is a former emergency financial manager of the Inkster Public School District, former CFO of the Detroit Public School District, and former president of WILMOCO Capital Management. Morris is a CPA, a chartered financial analyst, a personal financial specialist, and a chartered global management accountant. He received a Bachelor of Business Administration from Northwood University and an MBA from the Wharton School of the University of Pennsylvania.

Leonard D. Kutschman

Leonard D. Kutschman was appointed to the State Tax Commission in March 2017 to a three-year term expiring December 27, 2020. Mr. Kutschman is a Michigan Master Assessing Officer (MMAO), Michigan Certified General Appraiser, and Michigan Licensed Real Estate Broker. Mr. Kutschman has 45 years of property tax experience handling a variety of real estate and personal property tax issues and matters working in both the public and private sectors. Mr. Kutschman recently retired from the law firm of Honigman Miller Schwartz and Cohn LLP where he served as a property tax consultant. Mr. Kutschman attended the Lawrence Institute of Technology and has achieved the highest assessor certification in the State of Michigan.

APPENDIX 3

2018 State Equalized Valuations by County and Classification

County	Agricultural	Commercial	Industrial	Residential	Timber Cut-Over	Developmental	Total Real Property	Total Personal Property	Total Real and Personal
Alcona	\$39,270,800	\$27,597,100	\$11,561,500	\$703,507,900	\$0	\$0	\$781,937,300	\$37,467,200	\$819,404,500
Alger	\$9,357,100	\$38,310,800	\$9,835,500	\$410,318,500	\$0	\$0	\$467,821,900	\$19,465,806	\$487,287,706
Allegan	\$796,042,600	\$480,590,113	\$242,578,450	\$4,481,135,361	\$0	\$5,565,200	\$6,005,911,724	\$313,184,975	\$6,319,096,699
Alpena	\$87,612,018	\$111,743,100	\$35,638,400	\$741,155,100	\$0	\$0	\$976,148,618	\$69,063,454	\$1,045,212,072
Antrim	\$78,147,800	\$90,098,500	\$8,367,100	\$2,079,127,700	\$0	\$0	\$2,255,741,100	\$79,514,800	\$2,335,255,900
Arenac	\$104,098,300	\$45,702,300	\$8,309,000	\$491,574,308	\$0	\$0	\$649,683,908	\$45,760,750	\$695,444,658
Baraga	\$10,838,938	\$19,980,769	\$21,140,637	\$246,953,789	\$24,058,410	\$0	\$322,972,543	\$18,835,193	\$341,807,736
Barry	\$383,893,650	\$147,750,100	\$64,976,800	\$2,192,641,283	\$0	\$0	\$2,789,261,833	\$103,818,600	\$2,893,080,433
Bay	\$500,741,302	\$399,121,100	\$205,124,100	\$1,994,687,915	\$0	\$192,050	\$3,099,866,467	\$215,701,365	\$3,315,567,832
Benzie	\$25,044,000	\$93,852,818	\$5,006,300	\$1,558,814,540	\$1,933,100	\$0	\$1,684,650,758	\$40,426,706	\$1,725,077,464
Berrien	\$550,714,530	\$777,985,289	\$1,224,380,100	\$6,460,592,681	\$0	\$0	\$9,013,672,600	\$525,058,814	\$9,538,731,414
Branch	\$610,473,969	\$161,621,290	\$38,337,771	\$1,068,318,661	\$0	\$0	\$1,878,751,691	\$145,389,286	\$2,024,140,977
Calhoun	\$542,392,093	\$583,466,484	\$202,147,623	\$2,539,567,602	\$0	\$0	\$3,867,573,802	\$468,274,379	\$4,335,848,181
Cass	\$548,739,900	\$103,035,200	\$40,261,400	\$2,006,192,006	\$0	\$0	\$2,698,228,506	\$224,567,688	\$2,922,796,194
Charlevoix	\$53,310,362	\$167,889,900	\$44,968,900	\$2,347,719,737	\$0	\$0	\$2,613,888,899	\$82,838,900	\$2,696,727,799
Cheboygan	\$33,684,500	\$165,795,254	\$6,079,100	\$1,478,216,195	\$100,900	\$3,713,800	\$1,687,589,749	\$64,024,550	\$1,751,614,299
Chippewa	\$50,829,900	\$159,866,800	\$26,512,600	\$1,034,520,200	\$0	\$0	\$1,271,729,500	\$75,508,600	\$1,347,238,100
Clare	\$95,133,063	\$78,839,668	\$18,814,880	\$927,456,331	\$0	\$0	\$1,120,243,942	\$110,427,198	\$1,230,671,140
Clinton	\$776,318,976	\$423,734,820	\$59,912,859	\$2,191,474,269	\$0	\$11,348,300	\$3,462,789,224	\$143,025,771	\$3,605,814,995
Crawford	\$226,300	\$48,049,500	\$42,849,200	\$535,209,675	\$0	\$0	\$626,334,675	\$62,799,050	\$689,133,725
Delta	\$45,669,464	\$169,170,950	\$26,137,538	\$1,019,208,937	\$0	\$88,300	\$1,260,275,189	\$121,692,462	\$1,381,967,651
Dickinson	\$22,523,045	\$149,341,539	\$50,826,600	\$662,871,913	\$25,231,700	\$0	\$910,794,797	\$104,390,126	\$1,015,184,923
Eaton	\$510,899,536	\$661,399,381	\$203,942,599	\$2,585,836,403	\$0	\$8,660,800	\$3,970,738,719	\$322,663,579	\$4,293,402,298
Emmet	\$45,390,400	\$371,284,750	\$13,897,100	\$3,175,592,000	\$0	\$0	\$3,606,164,250	\$105,025,300	\$3,711,189,550
Genesee	\$198,390,700	\$2,213,493,500	\$282,128,100	\$7,891,455,704	\$0	\$0	\$10,585,468,004	\$654,376,300	\$11,239,844,304
Gladwin	\$93,948,142	\$49,762,181	\$9,868,855	\$918,693,229	\$0	\$0	\$1,072,272,407	\$49,750,100	\$1,122,022,507
Gogebic	\$1,150,157	\$56,654,112	\$13,434,278	\$495,156,862	\$26,203,408	\$0	\$592,598,817	\$68,496,481	\$661,095,298
Grand Traverse	\$147,787,774	\$1,042,942,500	\$87,090,600	\$4,790,410,598	\$0	\$0	\$6,068,231,472	\$256,447,356	\$6,324,678,828
Gratiot	\$892,924,990	\$125,436,400	\$36,370,625	\$605,660,667	\$0	\$0	\$1,660,392,682	\$358,022,200	\$2,018,414,882
Hillsdale	\$572,046,989	\$90,192,712	\$40,505,350	\$1,051,950,502	\$0	\$1,709,510	\$1,756,405,063	\$85,000,209	\$1,841,405,272
Houghton	\$17,364,052	\$171,467,466	\$13,569,863	\$927,172,120	\$19,566,697	\$2,268,122	\$1,151,408,320	\$62,855,956	\$1,214,264,276
Huron	\$1,783,032,046	\$122,102,400	\$49,009,700	\$1,066,582,867	\$0	\$0	\$3,020,727,013	\$802,271,800	\$3,822,998,813
Ingham	\$403,958,200	\$2,118,791,829	\$198,365,290	\$5,627,095,246	\$0	\$3,291,600	\$8,351,502,165	\$678,075,893	\$9,029,578,058
Ionia	\$674,549,127	\$149,472,364	\$43,374,300	\$1,283,725,352	\$0	\$0	\$2,151,121,143	\$113,833,300	\$2,264,954,443

2018 State Equalized Valuations by County and Classification

County	Agricultural	Commercial	Industrial	Residential	Timber Cut-Over	Developmental	Total Real Property	Total Personal Property	Total Real and Personal
Iosco	\$61,716,854	\$106,545,200	\$24,169,300	\$989,988,700	\$0	\$4,689,000	\$1,187,109,054	\$87,664,500	\$1,274,773,554
Iron	\$18,617,317	\$38,840,655	\$39,499,188	\$490,390,490	\$38,953,950	\$0	\$626,301,600	\$51,274,734	\$677,576,334
Isabella	\$418,794,570	\$490,826,024	\$33,904,000	\$1,204,077,970	\$0	\$0	\$2,147,602,564	\$126,296,029	\$2,273,898,593
Jackson	\$442,244,397	\$686,423,832	\$178,063,272	\$3,679,173,147	\$0	\$3,156,900	\$4,989,061,548	\$477,419,162	\$5,466,480,710
Kalamazoo	\$333,502,116	\$1,912,116,583	\$434,847,395	\$6,636,198,436	\$0	\$0	\$9,316,664,530	\$640,101,811	\$9,956,766,341
Kalkaska	\$23,046,300	\$53,348,400	\$9,112,800	\$736,584,150	\$0	\$0	\$822,091,650	\$145,056,600	\$967,148,250
Kent	\$375,061,400	\$5,408,307,200	\$1,316,905,800	\$18,411,167,221	\$0	\$0	\$25,511,441,621	\$1,620,522,000	\$27,131,963,621
Keweenaw	\$0	\$11,035,882	\$75,044	\$203,919,716	\$2,439,277	\$0	\$217,469,919	\$5,376,518	\$222,846,437
Lake	\$29,430,500	\$57,158,600	\$1,525,600	\$587,676,100	\$0	\$0	\$675,790,800	\$38,379,850	\$714,170,650
Lapeer	\$448,253,998	\$254,529,004	\$69,240,513	\$2,758,586,965	\$0	\$2,820,900	\$3,533,431,380	\$227,289,311	\$3,760,720,691
Leelanau	\$170,956,280	\$180,923,320	\$11,267,680	\$3,256,892,255	\$0	\$0	\$3,620,039,535	\$53,495,613	\$3,673,535,148
Lenawee	\$972,176,681	\$410,977,400	\$98,720,100	\$2,539,766,451	\$0	\$1,294,100	\$4,022,934,732	\$237,719,293	\$4,260,654,025
Livingston	\$261,107,397	\$1,071,931,640	\$293,109,420	\$8,701,680,000	\$0	\$4,539,900	\$10,332,368,357	\$544,536,660	\$10,876,905,017
Luce	\$5,116,400	\$17,636,700	\$3,100,900	\$205,329,152	\$651,000	\$0	\$231,834,152	\$10,089,924	\$241,924,076
Mackinac	\$14,295,211	\$216,269,990	\$18,804,026	\$862,892,441	\$3,731,096	\$0	\$1,115,992,764	\$150,678,938	\$1,266,671,702
Macomb	\$203,820,000	\$4,677,140,870	\$2,111,823,420	\$24,748,408,455	\$0	\$0	\$31,741,192,745	\$1,736,247,837	\$33,477,440,582
Manistee	\$39,460,900	\$99,651,600	\$50,369,500	\$1,121,535,000	\$0	\$0	\$1,311,017,000	\$90,387,800	\$1,401,404,800
Marquette	\$13,555,000	\$487,899,965	\$115,748,700	\$2,169,884,020	\$54,413,458	\$0	\$2,841,501,143	\$171,541,447	\$3,013,042,590
Mason	\$94,361,000	\$153,190,200	\$495,469,000	\$1,253,609,300	\$0	\$0	\$1,996,629,500	\$162,690,400	\$2,159,319,900
Mecosta	\$194,606,600	\$149,074,800	\$55,041,500	\$1,106,308,990	\$0	\$0	\$1,505,031,890	\$97,701,200	\$1,602,733,090
Menominee	\$104,277,561	\$70,872,836	\$36,612,170	\$746,778,979	\$0	\$0	\$958,541,546	\$72,597,933	\$1,031,139,479
Midland	\$177,457,200	\$488,294,579	\$260,788,453	\$2,265,968,913	\$0	\$0	\$3,192,509,145	\$526,325,300	\$3,718,834,445
Missaukee	\$169,129,200	\$46,383,650	\$8,409,600	\$541,945,600	\$0	\$0	\$765,868,050	\$70,245,600	\$836,113,650
Monroe	\$541,586,160	\$753,419,656	\$1,069,733,380	\$4,190,892,771	\$0	\$7,621,670	\$6,563,253,637	\$460,838,206	\$7,024,091,843
Montcalm	\$436,953,662	\$175,270,350	\$39,517,300	\$1,482,365,800	\$0	\$0	\$2,134,107,112	\$211,302,000	\$2,345,409,112
Montmorency	\$18,783,700	\$26,901,548	\$8,380,800	\$506,098,677	\$0	\$0	\$560,164,725	\$45,928,717	\$606,093,442
Muskegon	\$148,560,553	\$701,863,500	\$170,198,000	\$3,924,469,500	\$0	\$0	\$4,945,091,553	\$332,824,200	\$5,277,915,753
Newaygo	\$227,417,400	\$111,692,050	\$52,075,400	\$1,382,505,024	\$0	\$0	\$1,773,689,874	\$114,385,921	\$1,888,075,795
Oakland	\$72,013,280	\$11,275,983,448	\$2,141,831,950	\$54,971,706,209	\$0	\$0	\$68,461,534,887	\$3,409,823,960	\$71,871,358,847
Oceana	\$196,367,704	\$93,289,500	\$35,701,800	\$1,246,136,228	\$0	\$0	\$1,571,495,232	\$58,734,700	\$1,630,229,932
Ogemaw	\$90,106,200	\$104,450,400	\$7,555,900	\$758,278,743	\$0	\$0	\$960,391,243	\$62,567,898	\$1,022,959,141
Ontonagon	\$11,234,220	\$14,946,554	\$30,857,628	\$224,401,665	\$22,772,568	\$0	\$304,212,635	\$19,720,511	\$323,933,146
Osceola	\$134,704,200	\$43,640,600	\$27,006,800	\$596,404,425	\$0	\$0	\$801,756,025	\$85,947,200	\$887,703,225
Oscoda	\$12,099,130	\$21,419,200	\$8,390,300	\$365,554,830	\$0	\$0	\$407,463,460	\$44,841,700	\$452,305,160
Otsego	\$47,765,300	\$169,734,708	\$26,268,300	\$948,648,000	\$0	\$0	\$1,192,416,308	\$245,152,200	\$1,437,568,508
Ottawa	\$645,419,700	\$1,598,488,900	\$636,799,300	\$10,147,195,838	\$0	\$155,900	\$13,028,059,638	\$857,435,300	\$13,885,494,938

2018 State Equalized Valuations by County and Classification

County	Agricultural	Commercial	Industrial	Residential	Timber Cut-Over	Developmental	Total Real Property	Total Personal Property	Total Real and Personal
Presque Isle	\$80,306,035	\$24,566,500	\$27,271,600	\$654,624,072	\$84,000	\$0	\$786,852,207	\$28,897,993	\$815,750,200
Roscommon	\$5,102,600	\$99,444,300	\$1,888,600	\$1,381,703,980	\$0	\$0	\$1,488,139,480	\$46,018,400	\$1,534,157,880
Saginaw	\$754,943,210	\$1,045,643,999	\$144,159,859	\$3,397,726,618	\$16,900	\$0	\$5,342,490,586	\$464,399,284	\$5,806,889,870
Saint Clair	\$457,459,860	\$632,776,798	\$787,646,500	\$4,563,302,894	\$0	\$0	\$6,441,186,052	\$751,715,432	\$7,192,901,484
Saint Joseph	\$712,860,887	\$177,399,500	\$124,398,800	\$1,501,071,912	\$0	\$0	\$2,515,731,099	\$279,550,679	\$2,795,281,778
Sanilac	\$1,333,403,553	\$104,689,101	\$17,384,035	\$995,543,616	\$93,900	\$5,066,800	\$2,456,181,005	\$229,729,756	\$2,685,910,761
Schoolcraft	\$5,890,100	\$30,133,000	\$11,789,700	\$350,310,500	\$1,488,500	\$0	\$399,611,800	\$46,146,574	\$445,758,374
Shiawassee	\$546,533,000	\$185,943,270	\$33,092,190	\$1,402,147,180	\$0	\$0	\$2,167,715,640	\$112,124,766	\$2,279,840,406
Tuscola	\$1,057,430,600	\$90,453,400	\$34,977,700	\$1,048,833,555	\$0	\$0	\$2,231,695,255	\$423,069,250	\$2,654,764,505
Van Buren	\$469,247,500	\$262,880,600	\$82,249,400	\$2,732,653,175	\$0	\$0	\$3,547,030,675	\$704,148,400	\$4,251,179,075
Washtenaw	\$520,389,750	\$4,331,687,680	\$497,293,645	\$14,314,537,485	\$0	\$37,317,400	\$19,701,225,960	\$1,032,328,754	\$20,733,554,714
Wayne	\$25,664,500	\$8,971,813,855	\$3,281,779	\$32,056,288,426	\$0	\$9,810,400	\$44,345,357,161	\$4,155,989,912	\$48,501,347,073
Wexford	\$45,415,500	\$132,087,600	\$49,011,100	\$853,532,146	\$0	\$0	\$1,080,046,346	\$72,943,163	\$1,152,989,509
Grand Total	\$23,875,149,909	\$59,886,541,936	\$18,399,190,366	\$298,806,291,873	\$221,738,864	\$113,310,652	\$401,302,223,600	\$28,268,257,483	\$429,570,481,083

APPENDIX 4

State Equalized Valuation & Taxable Valuation State-Wide Totals by Classification

2018		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$23,875,149,909	\$10,936,948,543
Commercial	\$59,886,541,936	\$49,881,422,960
Industrial	\$18,399,190,366	\$16,070,194,723
Residential	\$298,806,291,873	\$243,015,578,106
Timber - Cutover	\$221,738,864	\$109,946,027
Developmental	\$113,310,652	\$62,068,079
Total Real Property	\$401,302,223,600	\$320,076,158,438
Total Personal Property	\$28,268,257,483	\$28,185,496,790
Total Real & Personal Property	\$429,570,481,083	\$348,261,655,228

2017		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$23,373,256,261	\$10,661,601,032
Commercial	\$56,938,386,359	\$48,109,531,086
Industrial	\$17,497,180,650	\$15,554,139,502
Residential	\$289,601,352,471	\$233,317,845,350
Timber - Cutover	\$231,448,913	\$112,350,665
Developmental	\$126,402,182	\$67,257,658
Total Real Property	\$387,768,026,836	\$307,822,725,293
Total Personal Property	\$27,771,545,919	\$27,658,447,016
Total Real & Personal Property	\$415,539,572,755	\$335,481,172,309

2016		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$22,795,411,527	\$10,479,877,007
Commercial	\$53,870,354,704	\$46,766,419,902
Industrial	\$16,894,199,209	\$15,362,578,335
Residential	\$274,930,187,551	\$226,802,770,667
Timber - Cutover	\$238,999,493	\$114,315,228
Developmental	\$134,757,533	\$71,775,693
Total Real Property	\$368,818,910,017	\$299,597,736,832
Total Personal Property	\$27,898,913,829	\$27,808,021,575
Total Real & Personal Property	\$396,717,823,846	\$327,405,758,407

2015		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$21,623,537,941	\$10,400,901,985
Commercial	\$51,697,675,218	\$46,232,437,956
Industrial	\$16,369,452,454	\$15,232,173,035
Residential	\$259,196,283,521	\$222,669,176,470
Timber - Cutover	\$248,587,449	\$117,160,853
Developmental	\$161,875,398	\$94,501,423
Total Real Property	\$349,297,411,981	\$294,746,351,722
Total Personal Property	\$33,117,877,535	\$32,986,172,348
Total Real & Personal Property	\$382,415,289,516	\$327,732,524,070

2014		
	State Equalized Valuation	Taxable Valuation
Agricultural	\$20,065,665,671	\$10,159,057,061
Commercial	\$50,367,573,850	\$45,696,993,833
Industrial	\$15,921,715,951	\$15,005,328,915
Residential	\$242,389,931,020	\$217,228,996,914
Timber - Cutover	\$251,968,165	\$114,698,317
Developmental	\$176,633,422	\$105,096,038
Total Real Property	\$329,173,488,079	\$288,310,171,078
Total Personal Property	\$31,419,449,925	\$31,191,632,545
Total Real & Personal Property	\$360,592,938,004	\$319,501,803,623

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APPENDIX 5

5 YEAR SUMMARY OF STATE ASSESSED PROPERTIES

2018					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$701,943,541	\$36,957,327	52.65	\$36,957,067	\$261
Telephone Companies	\$1,064,785,750	\$56,060,970		\$24,904,936	\$31,156,033
Car Loaning Companies	\$166,050,750	\$8,742,571		\$4,652,119	\$4,090,452
Totals	\$1,932,780,041	\$101,760,868		\$66,514,122	\$35,246,746
2017					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$680,137,843	\$35,625,620	52.38	\$35,602,965	\$22,655
Telephone Companies	\$1,150,903,735	\$60,284,338		\$24,541,256	\$35,743,082
Car Loaning Companies	\$136,936,740	\$7,172,746		\$4,725,847	\$2,446,899
Totals	\$1,967,978,318	\$103,082,704		\$64,870,068	\$38,212,636
2016					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$640,641,211	\$32,249,879	50.34	\$32,247,236	\$2,643
Telephone Companies	\$1,203,289,376	\$60,573,587		\$25,225,891	\$35,347,696
Car Loaning Companies	\$134,007,099	\$6,745,917		\$4,744,209	\$2,001,709
Totals	\$1,970,459,744	\$99,569,383		\$62,217,336	\$37,352,047
2015					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$627,247,082	\$31,312,174	49.92	\$31,302,251	\$9,924
Telephone Companies	\$1,218,811,988	\$60,843,094		\$18,646,583	\$42,196,511
Car Loaning Companies	\$133,296,686	\$6,654,171		\$3,736,591	\$2,917,579
Totals	\$1,979,355,756	\$98,809,439		\$53,685,425	\$45,124,014
2014					
	Final Taxable Valuation	Tax Levied	Millage Rate	Credits	Net Tax
Railroad Companies	\$596,544,458	\$29,439,469	49.35	\$29,277,271	\$162,198
Telephone Companies	\$1,396,040,603	\$68,894,604		\$21,275,105	\$47,619,499
Car Loaning Companies	\$94,716,342	\$4,674,251		\$3,081,537	\$1,592,714
Totals	\$2,087,301,403	\$103,008,324		\$53,633,913	\$49,374,411

* Available credits for railroad companies are for track and right-of-way maintenance and railcar maintenance as provided in MCL 207.13(2), MCL 207.13a(5)(b)(ii), and MCL 207.13a (5)(b)(i)

2018 STATE TAX COMMISSION BULLETINS

Number	Title
2018-01	4 th Quarter Certified Interest Rates
2018-02	Omitted or Incorrectly Reported Property
2018-03	Millage Requests and Rollbacks
2018-04	Use of a Computerized Database System as an Assessment Roll
2018-05	1 st Quarter Certified Interest Rates
2018-06	July and December Boards of Review
2018-07	MTT Interest Rates
2018-08	County Multipliers for 2014 Assessor's Manual
2018-09	2 nd Quarter Certified Interest Rates
2018-10	Assessor Certification
2018-11	Assessor Certification Level Requirements
2018-12	Random Week for Qualified Business
2018-13	3 rd Quarter Certified Interest Rates
2018-14	Electronic Filing
2018-15	Inflation Rate Multiplier for 2019
2018-16	Procedural Changes for the 2019 Assessment Year
2018-17	Property Tax and Equalization Calendar for 2019
2018-18	Property Tax Appeal Procedures for 2019
2018-19	Interest Rates on Michigan Tax Tribunal Judgments



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

Bulletin No. 1 of 2019
February 12, 2019
Certified Interest Rates

TO: Assessing Officers and County Equalization Directors

FROM: Michigan State Tax Commission

SUBJECT: Certified Prevailing Institutional Lending Rates of Interest for the Period October 2018 through December 2018, Expressed as Percentages

	Residential	Commercial/Industrial	Agricultural
January	4.53	4.58	4.93
February	4.88	4.86	4.93
March	4.94	4.84	4.93
April	4.94	4.87	5.14
May	5.03	4.98	5.14
June	5.05	4.91	5.14
July	4.98	4.89	5.28
August	5.03	4.89	5.28
September	5.13	5.00	5.28
October	5.31	5.15	5.46
November	5.35	5.12	5.46
December	5.11	4.83	5.46

Note: The use of these rates is discussed in Bulletin No. 11 of 1985 dated October 14, 1985.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

**Bulletin 2 of 2019
February 12, 2019
Boards of Review**

TO: Boards of Review and Assessing Officers

FROM: State Tax Commission

RE: 2019 Boards of Review

This Bulletin contains information that Boards of Review need to be aware of for the 2019 assessment year. The State Tax Commission Frequently Asked Questions regarding the statutory obligations for Boards of Review can be found on the State Tax Commission website at www.michigan.gov/statetaxcommission. The State Tax Commission asks that all Boards of Review carefully review this document in order to fully understand their statutory obligations. Board of Review members are also strongly encouraged to attend an annual *Board of Review Member Training Program* to review updates on statutory and policy changes.

1) Key Dates for 2019 Boards of Review

- **March 5, 2019.** The March Board of Review begins their work on the Tuesday following the first Monday in March. On this day, the Board holds their organizational meeting and formally receives the assessment roll from the assessor. This is the meeting for the Board to “get organized”. They should elect a chairperson, discuss how they are going to conduct business, review any statutory or policy changes they should be aware of for the current year and receive any briefings they want from the assessor regarding the assessment roll. The Board will not hear appeals at this first meeting.
- **March 11, 2019.** Appeal meetings of the March Board begin on the 2nd Monday in March. Local units can set an alternative start date for the appeal meetings by adopting an ordinance or resolution, but that alternative start date can only be the Tuesday or Wednesday of that same week (i.e. the Tuesday or Wednesday following the 2nd Monday in March).

The required first appeal meeting on the second Monday in March must start no earlier than 9 A.M. and no later than 3 P.M. The Board must meet for a minimum of 6 hours that day. The Board must meet a total of at least 12 hours during that first week and at least 3 hours of the required sessions must be after 6 P.M.

- **April 1, 2019.** The March Board of Review must complete their work by the first Monday in April. Assessment rolls must be turned over to County Equalization by the

Wednesday following the first Monday in April or 10 days following the close of the March Board, whichever is first.

- **July 16, 2019.** If convened, the July Board meets on the Tuesday following the third Monday in July, unless an alternate start date is adopted by the local unit.
- **December 10, 2019.** If convened, the December Board meets the Tuesday following the second Monday in December, unless an alternate start date is adopted by the local unit.

2) Alternate Start Dates for the July or December Boards of Review:

Public Act 122 of 2008 amended MCL 211.53b to provide that July or December Boards of Review may have an alternate start date. The act requires that the governing body of the City or Township adopt by ordinance or resolution alternate start dates that must conform to the following: For the July Board, an alternate date during the week of the 3rd Monday in July. For the December Board, an alternate date during the week of the 2nd Monday in December.

3) Documentation of Board of Review Changes:

The State Tax Commission requires that all Boards of Review maintain appropriate documentation of their decisions including; minutes, a copy of the form 4035, form 4035a whenever the Board of Review makes a change that causes the Taxable Value to change and a Board of Review Action Report. Form 4035 must include a detailed reason why the Board made their determination. **Assessors please note, you are not required to file the Board of Review log or Action Report with the State Tax Commission.**

Minutes must include all the following items:

- Day, time and place of meetings.
- Members present, members absent, name of elected chairperson and notation of any correspondence received.
- A log that identifies the hearing date, the petition number, the petitioner's name, the parcel number, the type of appearance, type of appeal and decision of the board of review.
- Record daily the actual hours the Board was in session, and time of daily adjournments. Record the closing date and time of the final annual session.

4) Inflation Rate used in the 2019 Capped Value Formula:

MCL 211.34d defines the calculation for the Inflation Rate Multiplier. The statute states in part:

- (l) "Inflation rate" means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the

general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.

Further, (f) states "General price level" means the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States department of labor, bureau of labor statistics.

Based on this statutory requirement, the calculation for 2019 is as follows:

1. The 12 monthly values for October 2016 through September 2017 are averaged.
2. The 12 monthly values for October 2017 through September 2018 are averaged.
3. The ratio is calculated by dividing the average of column 2 by the average of column 1.

The specific numbers from the US Department of Labor, Bureau of Labor Statistics are as follows:

Oct-16	241.729	Oct-17	246.663
Nov-16	241.353	Nov-17	246.669
Dec-16	241.432	Dec-17	246.524
Jan-17	242.839	Jan-18	247.867
Feb-17	243.603	Feb-18	248.991
Mar-17	243.801	Mar-18	249.554
Apr-17	244.524	Apr-18	250.546
May-17	244.733	May-18	251.588
Jun-17	244.955	Jun-18	251.989
Jul-17	244.786	Jul-18	252.006
Aug-17	245.519	Aug-18	252.146
Sep-17	246.819	Sep-18	252.439
Average	243.841	Average	249.749
		Ratio	1.024
		% Change	2.4%

Local units cannot develop or adopt or use an inflation rate multiplier other than 1.024 in 2019. It is not acceptable for local units to indicate to taxpayers that you do not know how the multiplier is developed.

5) County Multipliers:

It has come to the attention of the State Tax Commission that some Boards of Review believe it is appropriate to develop their own County Multipliers. It is not acceptable for a local unit or Board of Review to develop County Multipliers. The multipliers developed by the State Tax Commission must be used.

6) Qualified Errors:

The State Tax Commission continues to note a number of July and December Boards of Review making changes that are not allowed by the statute. **Boards of Review and**

assessors are cautioned to take great care to ensure that any changes made by the July or December Board meet the requirements of MCL 211.53b.

MCL 211.53b provides that the July or December Boards of Review can correct "qualified errors" for the current year and one prior year, unless additional years are specifically addressed by the statute.

A correction under subsection (6) regarding Principal Residence Exemptions may be made for the year in which the appeal was filed and the three immediately preceding years.

A correction under subsection (8) that approves a qualified personal property exemption contained in MCL 211.9o for small business taxpayers may be made for the year in which the appeal was filed and the immediately preceding three tax years.

The July and December Boards of Review have no authority over the Eligible Manufacturing Personal Property Exemptions contained in MCL 211.9m and MCL 211.9n. If an assessor misplaces or missed a timely filed Form 5278, that is not considered a clerical error or mutual mistake and cannot be considered by the July or December Board of Review.

Regarding MCL 211.27a(4); if the taxable value of property is adjusted and the assessor determines that there had not been a transfer of ownership, the taxable value of the property shall be adjusted for the current year and for the three immediately preceding calendar years. An adjustment under this subsection shall be considered the correction of a clerical error.

Qualified Errors are defined in MCL 211.53b as:

- A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes
- A mutual mistake of fact.
- An adjustment under section 27a(4) – taxable value or an exemption under section 7hh(3)(b)– qualified start-up business exemption.
- An error of measurement or calculation of the physical dimensions or components of the real property being assessed.
- An error of omission or inclusion of a part of the real property being assessed.
- An error regarding the correct taxable status of the real property being assessed.
- An error made by the taxpayer in preparing the statement of assessable personal property under section 19.
- An error made in the denial of a claim of exemption for personal property under section 9o.

“Clerical Errors’ and ‘Mutual Mistakes of Fact’ are defined by the courts as follows:

Clerical Error was defined by the Court of Appeals in *International Place Apartments v Ypsilanti Township* 216 Mich App 104; 548 NW2d 668 (1996), as “an error of a transpositional, typographical, or mathematical nature.” July and December Boards of Review are NOT allowed to revalue or reappraise property when the reason for the action is that the assessor did not originally consider all relevant information.

Mutual Mistake of Fact was defined by the Court of Appeals in *Ford Motor Co v City of Woodhaven*, 475 Mich 425; 716 NW2d 247 (2006) as “an erroneous belief, which is shared and relied on by both parties, about a material fact that affects the substance of the transaction.” This definition was clarified by the Michigan Supreme Court in *Briggs Tax Service, LLC v Detroit Public Schools*, 485 Mich 69; 780 NW2d 753 (2010). The Michigan Supreme Court indicated that to qualify, the “mutual mistake of fact” must be one that occurs only between the assessor and the taxpayer.

7) Disabled Veterans Exemption:

The State Tax Commission has issued significant guidance on the Disabled Veterans Exemption. This guidance can be found on the State Tax Commission website under “What’s New”. Boards of Review are encouraged to review all Disabled Veterans Exemption guidance issued by the State Tax Commission.

Boards of Review are strongly cautioned that the determination that a veteran is 100% disabled or individually unemployable is made by the U.S. Department of Veterans Affairs. Boards of Review **do not** have authority to make an independent determination that a veteran is 100% disabled or individually unemployable. Conversely, Boards of Review **do not** have the authority to determine a veteran is not 100% disabled or individually unemployable once the U.S. Department of Veterans Affairs has issued their determination.

Disabled Veterans Exemption for Unremarried Surviving Spouse: The State Tax Commission is aware that the Michigan Tax Tribunal in MTT Docket 16-004780, *Deborah E. Rabun v City of Farmington Hills*, held that a surviving spouse cannot qualify for the exemption when the deceased disabled veteran never owned or occupied the subject property as a homestead.

While the STC understands that is the position of the MTT, the STC does not agree or support that determination. It was never legislative intent that the unremarried surviving spouse be required to forever live in the original home. In fact, the STC in their original guidance indicated that: *the Disabled Veteran’s exemption is not an exemption for the benefit of the property. Instead, it is an exemption personal to the qualifying disabled veteran or the unremarried surviving spouse of the qualified deceased disabled veteran.*

Since the exemption is personal to the qualified individual the STC is advising assessors and Boards of Review that they can and should approve exemptions for unremarried surviving spouses that meet all other statutory requirements, regardless of if the disabled veteran ever owned or occupied that subject property as a homestead.

8) Personal Property Tax:

On May 3, 2018 Governor Snyder signed in law P.A. 132 of 2018. This act made changes to the Small Business Taxpayer Exemption (MCL 211.9o), specifically changing the filing requirements to provide that eligible taxpayers **do not** have to annually file to receive the exemption. Taxpayers who filed for the exemption in prior years still must file Form 5076, *Small Business Property Tax Exemption Claim Under MCL 211.9o*, in 2019 to claim the exemption. Once granted, the assessor will then continue to exempt the personal property until the taxpayer files a rescission indicating they no longer qualify for the exemption.

Assessors can implement an audit program to determine if taxpayers still qualify for the exemption.

As a reminder, Public Acts 261-264 of 2017 were signed into law on December 28, 2017. These Acts made several changes that affect both the Small Business Taxpayer Exemption and the Eligible Manufacturing Personal Property Exemption (EMPP).

P.A. 261 of 2017 changes the deadline for filing the Small Business Taxpayer Exemption to February 20 and changed Form 5076 from an Affidavit to a Statement. This allows the assessor to accept either a facsimile or electronic signature on Form 5076. Form 5076 has been updated to reflect these statutory changes.

P.A. 261-264 of 2017 also changed the statute to allow assessors to accept a postmark by February 20 for Form 5278 to claim the EMPP exemption. Form 5278 and Form 632 (Personal Property Statement) have been updated to reflect these statutory changes.

Finally, P.A. 261-264 of 2017 changed the appeal procedure for both the Small Business Taxpayer Exemption and the EMPP exemption. Taxpayers who miss the filing deadline for either exemption may file a late application directly with the March Board of Review. The March Board of Review should grant the exemption as long as the taxpayer otherwise qualifies for the exemption. Both the Assessors Guide to the Small Business Taxpayer Exemption and the Assessors Guide to EMPP and ESA have been updated to reflect these statutory changes.

The updated Guide to the Small Business Taxpayer Exemption and Assessors Guide to EMPP and ESA are available online at www.michigan.gov/propertytaxexemptions.

Further information and guidance on the Eligible Manufacturing Personal Property (EMPP) Exemption, Special Acts and the Essential Services Assessment (ESA) is available at www.michigan.gov/ESA. Additional questions should be sent via email to ESAQuestions@michigan.gov.

9) Poverty Exemptions:

The State Tax Commission issued Bulletin 6 of 2017 regarding Poverty Exemptions. This Bulletin reflects updates due to recent court decisions and legislative changes. Specifically:

The Michigan Court of Appeals ruled in *Ferrero v Township of Walton* (Docket No. 302221) that monies received pursuant to MCL 206.520 (homestead property tax credit) is a rebate of property taxes and is not income for purposes of MCL 211.7u.

Statutory changes to allow an affidavit to be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year. This does include the individual filing for the exemptions.

Board of Review members are encouraged to review Bulletin 6 of 2017 prior to the start of March Board of Review meetings.

10) Property Classification and Transfer of Ownership:

Boards of Review are encouraged to review the *Property Classification and Transfer of Ownership Guidelines* available on the State Tax Commission website.

11) Public Act 660 of 2018:

Public Act 660 of 2018 was signed by the Governor on December 31, 2018. This Public Act made several changes to the General Property Tax Act. MCL 211.10d(7) was amended to allow a village located in more than 1 assessing district to request State Tax Commission approval that the assessment of property within the village be combined with the assessment of property in 1 of those assessing districts. Public Act 660 also amends MCL 211.28(6) to allow the governing bodies of 2 or more contiguous cities or townships to enter into an agreement to appoint a single board of review to serve as the board of review for each of those cities or townships.

The State Tax Commission will provide additional resources and guidance regarding changes to be implemented as a result of Public Act 660 of 2018.

12) Resources and Training:

The State Tax Commission has published a significant amount of resource information to assist Boards of Review in carrying out their statutory responsibilities. This information can be found on the State Tax Commission website at www.michigan.gov/statetaxcommission under the Board of Review Information heading.

The State Tax Commission recommends that all new and returning Board of Review Members annually attend training to receive updated information related to legislative and policy changes that have occurred during the past year.

For additional BOR resource and training information, please contact the State Tax Commission at (517) 335-3429.



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DEPARTMENT OF TREASURY
LANSING

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STATE TREASURER

**Bulletin 3 of 2019
February 12, 2019
Millage Requests
and Rollbacks**

TO: County Clerks, Treasurers, Equalization Directors, and Chairpersons of Boards of Commissioners; Township Clerks, Treasurers, Supervisors, and Assessors; City Clerks and Assessors; Village Clerks; School District Boards of Education; Intermediate School Districts; Community College Boards of Trustees; and Authority Governing Bodies

FROM: State Tax Commission (STC)

SUBJECT: MILLAGE REQUESTS AND MILLAGE ROLLBACKS

This Bulletin addresses 2019 millage rollback procedures for (“Headlee”) millage reduction fractions under Michigan Compiled Law (MCL) 211.34d, “Truth in Assessing” under MCL 211.34, “Truth in County Equalization” under MCL 211.34, “Truth in Taxation” under MCL 211.24e, and the rollbacks (for Counties only) based on the convention facilities and cigarette tax collections (Health and Safety Act) (see the “Special Note for Counties Only” on page 13 of this Bulletin).

The forms relating to millage rollbacks can be found on the STC Website (www.michigan.gov/statetaxcommission).

1. Form L-4029 (614), *2019 Tax Rate Request*, which is used to calculate the maximum allowable millage levy after possible reduction by the MCL 211.34d (“Headlee”) millage reduction fraction and the MCL 211.34 “Truth in Assessing” or “Truth in County Equalization” rollback fraction. Form L-4029 is not used to calculate the MCL 211.24e “Truth in Taxation” base tax rate fraction.
2. Form L-4297 (868), *Truth in Taxation Notice*, which is used to comply with the publication requirements of MCL 211.24e “Truth in Taxation”.
3. Form L-4034 (2166), *2019 Millage Reduction Fraction Calculations Worksheet*, which is used to compute the MCL 211.34d (“Headlee”) millage reduction fraction, the MCL 211.34 “Truth in Assessing” or “Truth in County Equalization” rollback fraction, and the MCL 211.24e “Truth in Taxation” base tax rate fraction.

A. Important Information for 2019:

- 1. Eligible Personal Property Tax Exemption:** P.A. 402 of 2012 as amended by P.A. 153 of 2013, MCL 211.9o, was effective December 31, 2013 for the 2014 Tax Year and exempts from taxation all eligible personal property. Eligible personal property is defined in the Act and detailed in Bulletin 11 of 2013. Beginning with the 2014 year, eligible personal property must be treated as losses in the Millage Reduction Formula.
- 2. Treatment of commercial personal property and industrial personal property for K-12 school operating millage rollback calculations only:** It is important for assessors and equalization directors to note that, both commercial personal property and industrial personal property are to be included with the “homestead” group of parcels which also includes parcels receiving a full or partial homeowner’s principal residence, qualified agricultural property, or qualified forest property exemption. Commercial personal property now receives a partial exemption of up to 12 mills and the removal of its value from K-12 school operating rollback calculations is consistent with the longstanding policy of including that property’s value with the “homestead” group of parcels that receive a partial exemption from the (up to) 18 school operating mills. In other words, the taxable value of both commercial personal property and industrial personal property will no longer be included in the “non-homestead” group of parcels but will be included in the “homestead” group. Please note that the procedures required in this Bulletin supersede any conflicting guidance in previous letters and bulletins, including previous letters pertaining to Forms L-4025, L-4028, etc.
- 3. Treatment of expiring renaissance zones:** The State Tax Commission directs that, as a renaissance zone is expiring, qualified renaissance zone (REZ) parcels shall have their taxable values excluded from all rollback calculations for millages that are not wholly or fully levied against those REZ parcels.

For example, the taxable value of REZ parcels that have 75 percent of the County operating millage levied against them in one year shall be excluded from County operating millage rollback calculations for that year. In the following year, when the renaissance zone has expired, and 100 percent of the County operating millage is levied against those parcels, the taxable value of those parcels shall be included in the rollback calculations for the County operating millage.¹ Do NOT include in any rollback calculation any REZ parcels which do not have 100 percent of the millage levied against them.

This procedure is similar to and consistent with the rollback calculations “treatment by exclusion” of commercial personal property parcels and parcels with partial homeowner’s principal residence exemptions, partial qualified agricultural property exemptions, etc. from the non-homestead group of properties for K-12 school operating rollback calculations.

¹Note that when REZ parcels in one year become subject to levy of 100 percent of a millage in the following year, their taxable value shall be treated as additions for rollback purposes for the taxing entity that did not levy 100 percent of its millage against those parcels in the prior year. Additionally, note that these additions for rollback purposes are not additions for capped value calculations.

However, this procedure does not apply only to rollback calculations for local school operating millages. REZ parcels in “partially expired” renaissance zones shall have their taxable values excluded from ALL rollback calculations for ALL taxing jurisdictions having a millage which is not wholly or fully levied against the REZ parcels.

Please note that it is necessary to include the taxable value of REZ parcels in the rollback calculations for local school district sinking fund millages and for intermediate school district regional enhancement millages.

When calculating rollbacks that may be affected by the value of REZ parcels, it is important to use/adhere to the following guidelines:

- For millages that are not levied against REZ parcels, the value of REZ parcels should be excluded from rollback calculations.
- For millages that are levied against REZ parcels (intermediate school district regional enhancement millages and K-12 building and site sinking fund millages), the value of REZ parcels should be included in rollback calculations.
- For millages that are not levied against REZ parcels (i.e., for millages that are levied only on the non-REZ group of parcels), the value of parcels moving into REZ (exempt) status represent losses to the non-REZ group and the value of parcels moving out of REZ status represent additions to the non-REZ group.
- For millages that are levied against REZ parcels, the value of parcels moving into, or out of, REZ status do not represent additions or losses for rollback calculations.
- For capped value calculations, the value of parcels moving into, or out of, REZ status is not additions or losses (REZ parcels remain on the ad valorem roll).

B. 2019 Millage Reduction Fraction (MRF) Formula Required by MCL 211.34d

The Headlee millage reduction fraction intends that, ignoring additions and losses, any current operating millage must be reduced if it would produce more tax dollars, adjusted for inflation, than it did last year. While this calculation may result in a millage reduction fraction that is less than 1.0000, it cannot exceed 1.0000.

1. 2019 formula for calculating the “Headlee” MRF:

The following formula in general terms shall be used in 2019 for calculating the MRF:

$$\text{MRF} = \frac{(\text{prior year's taxable value} - \text{losses}) \times \text{inflation rate multiplier}}{\text{current year's taxable value} - \text{additions}}$$

The following is the MRF formula stated in terms that are specific to its use in 2019:

$$\text{2019 MRF} = \frac{(\text{2018 taxable value} - \text{losses}) \times 1.024}{\text{2019 taxable value} - \text{additions}}$$

Please note the following regarding use of the above formula:

- The amount of additions and losses are based on the taxable value of additions and losses as defined by Public Act (PA) 476 of 1996 and as found in MCL 211.34d.
- The Michigan Supreme Court ruled in WPW Acquisition Company v City of Troy that increases in value due to increases in occupancy are not constitutional additions. P.A 164 of 2014 amended MCL 211.34d to remove the language that defined increases in occupancy as additions and added language to the section limiting decreases in occupancy as losses to the time period prior to December 31, 2013.
- The Michigan Supreme Court also ruled in Toll Northville Ltd. and Biltmore Wineman LLC v Township of Northville that increases in value due to public infrastructure improvements are not constitutional additions. Increases in value due to the addition of public infrastructure are not to be included as additions in the above formula.
- The taxable value of some additions and losses are at 50 percent of true cash value and some may be less than 50 percent of true cash value. For more information about additions and losses, please see the instructions for Form L-4025 and State Tax Commission Bulletin No. 3 of 1995, including its supplements contained in Bulletin No. 3 of 1997. Please also see paragraph G of State Tax Commission Bulletin No. 15 of 2002. Additionally, please see State Tax Commission Bulletin No. 19 of 2002 concerning the calculation of additions and losses for personal property. Also, additions and losses are defined in MCL 211.34d.
- The inflation rate multiplier for 2019 “Headlee” calculations is 1.024.
- Excludes the taxable value for parcels that receive any type of partial or full exemption from the millage.

2. Instructions regarding the rollback calculations for local school districts (these instructions do not apply to intermediate school districts or community colleges):

For local school district rollback calculations, there may be two categories of parcels under certain circumstances: (1) “non-homestead” parcels and (2) all parcels in the local school district.

“Non-homestead” parcels are defined for millage rollback purposes as those parcels that do not have a partial or full exemption from the (up to) 18 mills of K-12 school operating millage.²

²Some units and software vendors have chosen to label commercial personal property and industrial personal property as 100 percent homeowner’s principal residence exemption property (i.e., PRE) for rollback calculations.

The “non-homestead” category excludes the taxable value, additions, and losses for parcels that for the current year that

- Have a partial or full homeowner’s principal residence exemption,
- Have a partial or full qualified agricultural property exemption,
- Have a qualified forest reserve exemption,
- Are classified as industrial personal property,
- Are classified as commercial personal property,
- Are qualified parcels in a renaissance zone, including a tool and die recovery zone, or
- Receive any other type of partial or full exemption from the millage.

The second category of parcels for local school district rollback purposes consists of all parcels in the local school district. If a local school district levies an operating millage against the category of all parcels in the local school district, the “Headlee” and “Truth in Taxation” rollback calculations shall be made for that group of parcels.

Please note that REZ parcels may or may not be included in the category of all parcels in the local school district. REZ parcels are subject to the levy of millage for building and site sinking funds (MCL 380.1212), but REZ parcels are not subject to hold harmless and other **operating** millages that are levied against all parcels by a local school district (such as for operation of a community swimming pool). It is important to note that where a local school district levies various millages on all parcels, some of which are levied on REZ parcels and some of which are not, it is necessary to perform two sets of rollback calculations for the category of all parcels in the local school district. One set will include REZ parcels and one set will exclude REZ parcels, respectively. Please note, if a parcel receives any other type of partial or full millage exemption from MCL, it shall be treated in the same manner as an REZ parcel.

Likewise, if a local school district levies an operating millage against “non-homestead” parcels, the “Headlee” and “Truth in Taxation” rollback calculations shall be made for that group of parcels. Except in rare circumstances, it will always be necessary to calculate the rollback fractions for the category of “non-homestead” parcels. It will also frequently be necessary to calculate the rollback fractions for all parcels in a local school district.

The following chart lists the operating millages that local school districts generally levy and the corresponding category of parcels each millage is levied against:

However, the State Tax Commission cautions that for some assessing reports and most tax reports a distinction is required between the various types of millage exemptions.

LOCAL SCHOOL DISTRICT MILLAGE CHART

Type of Millage Levied by Local School District	Parcels Against Which the Millage is Levied
Supplemental (hold harmless) millage	All parcels in the local school district
Up to 18 mills of operating millage when there is no supplemental (hold harmless) millage levied or when there is less than 18 mills of supplemental (hold harmless) millage levied	Non-homestead parcels in the local school district
Millage levied under MCL 380.1212 for the purpose of creating a building and site sinking fund (this levy is subject to the “Headlee” rollback but not the “Truth in Taxation” rollback)	All parcels in the local school district, including REZ parcels
Millage levied for operating a community college under Part 25 of the School Code of 1976	All parcels in the local school district
Certain millages levied for the operation of a library (see MCL 380.1211(8) for details)	All parcels in the local school district
Certain millages levied for operation of a community swimming pool (see MCL 123.1073 for details)	All parcels in the local school district
Millage levied for a recreation system (see MCL 123.52 for details)	All parcels in the local school district
Millage levied for recreation authorities (see MCL 123.1141 for details)	All parcels in the local school district

Assessors are required to identify, and report separate taxable values on Form L-4025 (609) for either one or both of these two categories for each local school district depending on the millage(s) being levied by the school district. Equalization directors are likewise required to calculate a MRF for these same categories on Form L-4028 (612) and Form L-4028IC (613).

Please note that local school districts are not authorized to levy an enhancement millage (of up to 3 mills). MCL 380.705 provides that an enhancement millage may be levied only by an intermediate school district, and then only if approved by the voters of the intermediate school district. See paragraph 4(e) below regarding the proper entries on Form L-4029 (614) for local school districts.

3. Building and site sinking fund millage not subject to “Truth in Taxation”:

The building and site sinking fund millage levied under MCL 380.1212 is subject to the “Headlee” rollback, but it is not subject to the “Truth in Taxation” rollback.

4. Guidelines for Form L-4029, 2019 Tax Rate Request, due by September 30 each year to the County Board of Commissioners:

Form L-4029 (614) should be reviewed carefully before completing it so that the instructions are clearly understood. In addition, please note the following guidelines:

- Every MRF shall be rounded to four decimal places. This means that if the number in the fifth place past the decimal is 5 or above you increase the number in the fourth place by 1. If the number in the fifth place past the decimal is 4 or below, do not change the number in the fourth place past the decimal.
- The MRF entered in column 6 shall not exceed 1.0000.
- It is possible to have a MRF of less than 1.0000 due to the uncapping of taxable value resulting from parcels which experienced a transfer of ownership in the prior year.
- The State Education Tax (SET) is not subject to any rollbacks and should not be included on Form L-4029 (614). The State Treasurer separately certifies the SET to local treasurers. This information is posted to the web at www.michigan.gov/set.
- Local school districts shall separately list operating millages on Form L-4029 (614) categorized by whether the millages are levied against all parcels in the local school district or against "non-homestead" parcels in the local school district. (See the definition of "non-homestead" in item 2 above.) The abbreviations "Operating All" and "Operating Non-Home" may be used when completing column 2 on Form L-4029 (614):

"Operating All" is short for "operating millage levied on all parcels in the local school district". For example, supplemental (hold harmless) millages are levied against all parcels in the local school district.

"Operating Non-Home" is short for "operating millage levied on the 'non-homestead' group of parcels". (See the definition of "non-homestead" in paragraph 2 above.)

C. Method of Calculating the "Headlee" and Truth in Taxation Millage Rollback Fractions for the Non-Homestead Group

Because of the difficulty experienced by assessors and computer companies in tracking properties which came into or left the non-homestead group (as previously defined in this Bulletin) of properties during the prior year, the State Tax Commission has adopted the following method of calculating the millage rollback for the non-homestead group of properties which **shall** be used.

1. Pick a date after the close of the current March Board of Review but before the First Monday in May of the current year as the status day for determining which properties are part of the NON-HOMESTEAD group for current. **DO NOT** include within this group any properties which have a partial or a total exemption from the non-homestead operating millage as of the status day picked.
2. Total the *current* Taxable Valuations of the properties in this group.
3. Total the *previous* Taxable Valuations of THESE SAME properties (from step 2) regardless of their previous Homestead status.
4. Total the "usual" Losses and Additions for THESE SAME properties. The "usual" Losses and Additions are the Losses and Additions discussed on pages 2 through 4 of the Instructions for Form L4025 (such as new construction or a building burning down). DO NOT include, in the total, Losses and Additions due to properties moving in and out of the NON-HOMESTEAD group.
5. Calculate the rollback fractions using these numbers.

Example: If there were 1000 properties in the non-homestead group of properties in the previous year but there were only 950 properties in the group as of the date picked for the current year:

1. Pick the date.
2. Total the *current* Taxable Valuations of the 950 properties.
3. Total the previous Taxable Valuations of the same 950 properties.
4. Total the "usual" Losses and Additions applicable to the same 950 properties. DO NOT include Losses and Additions attributable to properties moving in and out of the group since the Fourth Monday in May of previous year.
5. Calculate the millage rollbacks using the Taxable Values (found in steps 1 through 3) attributable to the same 950 properties.

The method outlined in the preceding five steps shall NOT be used when calculating the millage rollback fractions applied against those millages levied by local school districts on all properties in the local school district. The method outlined in the preceding five steps shall be used when calculating the millage rollback fractions that apply to millages levied by a LOCAL school district against the non-homestead group of properties in the LOCAL school district.

For Local School Districts: Since commercial personal property is exempt from only the first 12 mills "non-homestead" operating millage levied, most school districts will be levying one operating rate on commercial personal property and a higher rate on "non-homestead" property. And most districts levying supplemental (hold-harmless) millage will levy three different operating rates: one rate on "homestead" property, a higher rate on commercial personal property, and an even higher rate on "non-homestead" property. To help ensure that the correct millage rates are levied on all property classes, a box has been added to the lower right corner of the L-4029 (614) form. The local school district is

to enter in this box the combined total of the NH operating and the supplemental (hold-harmless) operating millage requested to be levied for each of the class groups listed. These totals should **not** include any recreational millage, sinking fund millage or debt.

For example, for a school district levying 17.8 mills on “non-homestead” property, the district should enter “0” in the box For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal; “5.8” in the box For Commercial Personal; and “17.8” in the box “For All Other Property.”

The exemptions on industrial personal, qualified forest, and other “homestead” property, and commercial personal property, are reduced by any supplemental (hold-harmless) millage levied.

Example: A local school district has voted 5 hold harmless mills on “homestead” property in addition to the 18 mills on “non-homestead” property, reducing the 18 mill exemption to 13 mills, (the 18 mills was reduced by a current year MRF to 17.8 mills) and reducing the 12-mill commercial personal property exemption to 7 mills.

On the L-4029 (614) lines, the district requests:

1. The levy of 5 mills on all property, designated as “OP ALL” or “OP HH/SUPP”, and
2. 12.8 mills on “non-homestead” property, designated as “OP NH” (assumes a 0.2 mill millage reduction).

The following millage rates should be entered in the new box in the lower right corner of the L-4029 (614):

1. For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal – 5.0
2. For Commercial Personal – 10.8: The commercial personal exemption of 12 mills is reduced by 5 mills, leaving a remaining exemption of 7 mills to apply to the non-homestead operating millage. $(5.0 \text{ HH/S} + (12.8 \text{ NH} - 7) = 10.8)$
3. For all other property – 17.8: The total of 5.0 and 12.8 mills. $(5.0 \text{ HH/S} + 12.8 \text{ NH} = 17.8)$

For intermediate school districts: Please note that the value of REZ parcels may or may not be included in the rollback calculations for an intermediate school district (ISD). REZ parcels are subject to the levy of enhancement millages (see MCL 380.1211c), but REZ parcels are not subject to any other operating millages levied by an ISD. It is important to note that where an ISD levies an enhancement millage on all parcels including REZ parcels and levies another millage which is not levied on REZ parcels, it is necessary to perform two sets of rollback calculations. One set will include REZ parcels and one set will exclude REZ parcels, respectively.

D. 2019 Millage Rollbacks Related to State Equalization (MCL 211.34)

There may be Counties, Villages, authorities, Townships, and Cities which will be impacted by the additional rollback requirement of MCL 211.34. MCL 211.34 provides that "...Each year the county board of commissioners shall advise the local taxing units when the state tax commission increases the equalized value of the county as established by the board of county commissioners and each taxing unit other than a city, township, school district, intermediate school district, or community college district, shall immediately reduce its maximum authorized millage rate, as determined after any reduction caused by section 34d, so that subsequent to the increase ordered by the state tax commission pursuant to Act No. 44 of the Public Acts of 1911, as amended, being sections 209.1 to 209.8 of the Michigan Compiled Laws, total property taxes levied for that unit shall not exceed that which would have been levied for that unit at its maximum authorized millage rate, as determined after any reduction caused by section 34d, if there had not been an increase in valuation by the state. If its state equalized valuation exceeds its assessed valuation..., a city or township shall reduce its maximum authorized millage rate, as determined after any reduction caused by section 34d, so that total property taxes levied for that unit do not exceed that which would have been levied based on its assessed valuation."

1. "Truth in County Equalization" (applies to the millages levied by Counties, Villages, and authorities only):

A "Truth in County Equalization" rollback fraction shall be calculated for each County, Village, and authority when its 2019 state equalized value (SEV) exceeds its 2019 County equalized value (CEV). "Truth in County Equalization" does not affect Townships, Cities, local school districts, intermediate school districts, or community colleges. Also, taxing authorities located in more than one County are not subject to "Truth in County Equalization".

The following is the formula for calculating the "Truth in County Equalization" rollback fraction:

$$\text{"Truth in County Equalization" rollback} = \frac{\text{total taxable value based on CEV for all classes}}{\text{total taxable value based on SEV for all classes}}$$

Total taxable value based on CEV is the total taxable value of individual parcels in the taxing jurisdiction as if CEV had become the final SEV for the unit. The total taxable value based on SEV is the actual total taxable value of individual parcels calculated using final SEV as of the fourth Monday in May. For example, assume the following for an individual parcel with no additions or losses:

- 2018 SEV and taxable value (TV) = 100,000
- 2019 CEV = 102,000
- 2019 SEV = 105,000
- 2019 TV based on CEV = 102,000
- 2019 TV based on SEV = 104,400

The 2019 TV based on CEV of 102,000 will contribute to the numerator of the rollback fraction formula, while the 2019 TV based on SEV of 104,400 will contribute to the denominator of the fraction in the formula for “Truth in County Equalization”.

Note that the rollback fraction calculated for a County will likely be different from the fraction calculated for a Village or for an authority because of the different mix of properties within each taxing jurisdiction. The “Truth in County Equalization” millage rollback fraction shall not exceed 1.0000.

2. “Truth in Assessing” (applies to the millages levied by Cities and Townships only):

A “Truth in Assessing” rollback fraction shall be calculated for each City and Township when its 2019 SEV exceeds its 2019 assessed value (AV).

The following is the formula for calculating the “Truth in Assessing” rollback fraction:

$$\text{“Truth in Assessing” rollback} = \frac{\text{total taxable value based on AV for all classes}}{\text{total taxable value based on SEV for all classes}}$$

Total taxable value based on AV is the total taxable value of individual parcels in the assessing unit as if AV had become the final SEV in the unit. Total taxable value based on SEV is the final total taxable value calculated using final SEV for all parcels as of the fourth Monday in May. For example, assume the following for an individual parcel with no additions or losses:

- 2018 SEV and TV = 99,000
- 2019 AV = 99,000
- 2019 SEV = 101,000
- 2019 capped value (CV) = 101,000
- 2019 TV based on AV = 99,000
- 2019 TV based on SEV = 101,000

The 2019 TV based on AV of 99,000 contributes to the numerator of the rollback fraction formula, while the 2019 TV based on SEV of 101,000 contributes to the denominator of the fraction in the rollback formula for “Truth in Assessing”. For some parcels, the TV based on AV may be the same as TV based on SEV because the CV is lower than both AV and SEV. The “Truth in Assessing” millage rollback fraction shall not exceed 1.0000.

Both the “Truth in County Equalization” and the “Truth in Assessing” rollback fractions identified above are applied against the unit's respective “maximum authorized millage rate” (regardless of when the millage was approved by the voters), but after any reduction caused by the unit's section 211.34d (“Headlee”) MRF for the current year. For example, a “Truth in Assessing” millage rollback fraction would be applied to the maximum rate for a Township or City after that rate has been reduced by any applicable “Headlee” MRF for the current year.

Each of the “Truth in County Equalization” and “Truth in Assessing” rollback fractions is placed on Form L-4029 in column 8, which is labeled “Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction”. There will never be a circumstance where there is both a “Truth in County Equalization” rollback fraction and a “Truth in Assessing” rollback fraction for the same taxing jurisdiction. Therefore, column 8 is used for one rollback fraction or the other, not both.

The adoption of a SEV by the State Tax Commission which exceeds the CEV for any one, any combination, or all of the separately equalized classifications of property of a County shall result in the calculation of a “Truth in County Equalization” millage rollback fraction to be applied to the total authorized County, Village, or authority millage rate, after any applicable “Headlee” reduction. It should be noted that all “Truth in County Equalization” millage rollback fractions are calculated on the basis of all of the classifications of the County, Village, or authority taken together, not by each separately equalized classification taken separately.

The maximum authorized millage rate, after reduction by any applicable “Headlee” or MCL 211.34 reduction for the year results in the applicable millage rate for the County, Village, or authority in the matter of “Truth in County Equalization” or the applicable millage rate for the Township or City in the case of “Truth in Assessing”. Both rates may need to be further reduced by “Truth in Taxation”, if applicable. After all of these considerations, the reduced rate is applied against the TV of each parcel of property on the tax roll.

E. “Truth in Taxation” (Required by MCL 211.24e)

Truth in Taxation intends that the Board of a taxing unit approve the operating millage levy when the following situation occurs. The current levy of the sum of all operating millages for the unit produces more tax dollars than last year’s actual levy. For the preceding statement, ignore additions, losses, and building and site fund millage.

1. 2019 formulas for calculating the “Truth in Taxation” base tax rate (BTR) and the base tax rate fraction (BTRF):

$$2019 \text{ BTR} = 2018 \text{ operating levy rate} \times 2019 \text{ BTRF}$$

$$2019 \text{ BTRF} = \frac{2018 \text{ total TV} - \text{losses}}{2019 \text{ total TV} - \text{additions}}$$

The amounts of the losses and additions used in the formula above will be the same as those used in the “Headlee” calculation discussed in paragraph A of this bulletin. The BTRF is calculated for each local taxing unit on Form L-4034 (2166).

Important note regarding millages approved in 2019: If a local taxing unit wishes to levy combined operating millage that is greater than the 2019 BTR, the local unit must comply with one of the two options described in paragraph 2 below. This is true even if the millage to be levied has been approved by the voters anytime in 2019. This

requirement is different from the provisions of the “Headlee” rollback, which do not apply in 2019 to new millages authorized by the voters after April 30, 2019.

Special note for Counties only: A County must reduce its BTR for “Truth in Taxation” purposes by a rate produced by dividing its estimated convention facilities tax revenue by the County's current year TV. A further reduction in a County's 2019 BTR must be made in the same manner for the estimated cigarette tax revenue to be received by the County during the calendar year 2019. An estimate of this revenue and the convention facilities tax revenue will be sent to the Counties in May 2019. A County which complies with Section 16 of the Uniform Budgeting and Accounting Act (see paragraph 2 below) is not required to make the calculations relating to the convention facilities tax and the cigarette tax discussed in this paragraph. The procedure for levying an operating tax rate that exceeds the BTR is prescribed in MCL 211.24e and will be discussed in paragraph 2 below.

2. Procedures for levying an operating millage rate which exceeds the BTR:

A local taxing entity which wishes to levy an operating millage rate that exceeds the BTR may do so either (a) by complying with Section 16 of the Uniform Budgeting and Accounting Act (MCL 141.436) or (b) by complying with the requirements of “Truth in Taxation” (MCL 211.24e).

The following are the provisions of Section 16 of the Uniform Budgeting and Accounting Act:

- a. Unless another method for adopting a budget is provided by a charter provision in effect on April 1, 1980, the legislative body of each local unit shall pass a general appropriations act for all funds except trust or agency, internal service, enterprise, debt service or capital project funds for which the legislative body may pass a special appropriation act.
- b. **The general appropriations act shall set forth the total number of mills of ad valorem property taxes to be levied and the purposes for which that millage is to be levied. The amendatory act that added this subsection shall be known and may be cited as “the truth in budgeting act”.**
- c. The general appropriations act shall set forth the amounts appropriated by the legislative body to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, and shall set forth a statement of estimated revenues, by source, in each fund for the ensuing fiscal year.
- d. The general appropriations act shall be consistent with uniform charts of accounts prescribed by the state treasurer or, for local school districts and intermediate school districts, by the state board of education.
- e. This act shall not be interpreted to mandate the development or adoption by a local unit of a line-item budget or line-item general appropriations act.

- f. The legislative body shall determine the amount of money to be raised by taxation necessary to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, shall order that money to be raised by taxation, within statutory and charter limitations, and shall cause the money raised by taxation to be paid into the funds of the local unit.
- g. Except as otherwise permitted by section 102 of the state school aid act of 1979, 1979 PA 94, MCL 388.1702, or by other law, the legislative body shall not adopt a general appropriations act or an amendment to that act which causes estimated total expenditures, including an accrued deficit, to exceed total estimated revenues, including an available surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations. (Emphasis added.)

If a unit complies with Section 16 of the Uniform Budgeting and Accounting Act, it is not required to publish a separate “Truth in Taxation” notice or have a separate “Truth in Taxation” hearing (as required by MCL 211.24e) when it wishes to levy an operating rate which exceeds the BTR.

The following are the requirements of MCL 141.412 regarding the notice of hearing for the proposed budget (these are separate from the “Truth in Taxation” notice requirements):

A local unit shall hold a public hearing on its proposed budget. The local unit shall give notice of the hearing by publication in a newspaper of general circulation within the local unit at least 6 days before the hearing. The notice shall include the time and place of the hearing and shall state the place where a copy of the budget is available for public inspection. The notice shall also include the following statement printed in 11-point boldfaced type: “The property tax millage rate proposed to be levied to support the proposed budget will be a subject of this hearing.”

Those taxing entities that wish to levy an operating millage rate which is greater than the BTR but which do not meet the requirements of Section 16 of the Uniform Budgeting and Accounting Act must meet the “Truth in Taxation” requirements of MCL 211.24e. Form L-4297(868) is a model Notice of Public Hearing for use by local taxing units which do not meet the requirements of Section 16 of the Uniform Budgeting and Accounting Act. Form L-4297(868) fulfills the requirements of MCL 211.24e for the notice required to be published in the newspaper if a local unit of government intends to levy an operating millage rate greater than the BTR and does not meet the requirements of Section 16 of the Uniform Budgeting and Accounting Act. Also included with this bulletin is an example showing how to calculate the figures which are placed on the “Truth in Taxation” Notice of Public Hearing (Form L-4297 (868)). It is important to note that Form L-4297 (868) is not the notice form for the budget hearing under Section 16 of the Uniform Budgeting and Accounting Act.

There is no prohibition against holding a “Truth in Taxation” hearing prior to and in anticipation of an approval of millage by voters.

3. Additional BTR, BTRF, and “Truth in Taxation” procedures and information:

- The BTRF is calculated each year and does not compound.
- The BTRF is rounded to 4 decimal places.
- The BTR is calculated by multiplying the BTRF by the operating millage rate levied in the immediately preceding year. The BTR shall be rounded down as directed by PA 38 of 1999.
- MCL 211.24e (“Truth in Taxation”) provisions are not applicable to a taxing jurisdiction that levied an operating millage of one mill or less in the immediately preceding year.
- If a local taxing entity fulfills the legal requirements for levying an operating millage in excess of the BTR, the rate levied shall not exceed the maximum authorized rate after reduction by MCL 211.34 and MCL 211.34d, where reductions under those sections are applicable.
- “Truth in Taxation” provisions do apply to local school districts (i.e., local school district millages are subject to “Truth in Taxation”).

4. Example of calculations for the “Truth in Taxation” Notice of Public Hearing for 2019 (Form L-4297 (868)):

Example:

- 2019 BTR for a local taxing entity is 9.5000 mills.
- 2018 TV = 1,000,000
- 2018 operating millage levied = 9.6000 mills
- 2019 TV = 1,050,000
- The local taxing entity in question wishes to levy 10.0000 mills for operating purposes and the 10.0000 mills do not exceed the maximum authorized millage rate after reduction by MCL 211.34d (“Headlee”) and MCL 211.34 (“Truth in Assessing” or “Truth in County Equalization”).

Given this information, the following formulas would be used to calculate the figures to be entered on Form L-4297:

Proposed increase = millage the taxing entity proposes to levy in 2019 - BTR

Proposed increase = 10.0000 mills - 9.5000 mills = 0.5000 mills

$$\begin{aligned}
 \text{Percentage increase in operating revenue} &= \frac{\text{proposed increase}}{\text{BTR}} \times 100 \\
 &= \frac{0.5000 \text{ mills}}{9.5000 \text{ mills}} \times 100 \\
 &= 5.26\%
 \end{aligned}$$

Percentage increase (could also be a decrease) if the proposed increase is not approved

$$\begin{aligned}
 &= \frac{(\text{BTR} \times \text{current year TV}) - (\text{operating millage levied in prior year} \times \text{prior year TV})}{(\text{operating millage levied in prior year} \times \text{prior year TV})} \times 100 \\
 &= \frac{(9.5000 \text{ mills} \times 1,050,000) - (9.6000 \text{ mills} \times 1,000,000)}{(9.6000 \text{ mills} \times 1,000,000)} \times 100 \\
 &= \frac{(0.0095 \times 1,050,000) - (0.0096 \times 1,000,000)}{(0.0096 \times 1,000,000)} \times 100 \\
 &= \frac{9,975 - 9,600}{9,600} \times 100 \\
 &= \frac{375}{9,600} \times 100 \\
 &= 3.91\%
 \end{aligned}$$

F. Additional Considerations

- In years that the inflation rate is greater than 1.000 and the Headlee millage reduction fraction (MRF) is less than 1.0000, Truth in Taxation's base tax rate fraction (BTRF) by definition is less than the MRF.
- When the inflation rate is less than 1.000, the BTRF will exceed the MRF in all cases.
- Definition for this purpose: 'Maximum Allowable Millage' means all operating millage as reduced by applying the applicable Headlee multiplier, and Truth in Assessing or Truth in Equalization multiplier.
- While the Headlee MRF is limited on the upside to 1.0000, Truth in Taxation's BTRF may exceed 1.0000. However, the BTRF cannot cause the base tax rate to exceed the 'maximum allowable millage' net of any building and site fund millage (BSF).
- Newly approved operating millage (since last year's levy) is subject to the requirements of Truth in Taxation. So even when the BTRF is greater than the MRF or 1.0000, the newly approved millage will often cause the 'Base Tax Rate' to be less than the

‘Maximum Allowable Millage’ (sum of operating millage net of BSF), thereby requiring compliance with Truth in Taxation in order to levy more than the ‘Base Tax Rate’.

Example: How is the base tax rate applied if last year’s maximum allowable millage available was 2 mills, but the actual levy was 1.7 mills? Does ‘Truth in Assessing’ come into play?

Last year this unit could have levied 2.0000 operating mills (maximum allowable millage (MAM)) but chose to levy 1.7000 mills. The current year’s ‘Millage Reduction Fraction’ is 1.0000, but the applicable ‘Truth in Assessing’ or ‘Truth in Equalization’ multiplier is .9500. Since there is no expired or newly voted millage the current ‘Maximum Allowable Millage’ (MAM) is 1.9000 operating mills.

$$\begin{aligned} 2019 \text{ MAM} &= 2018 \text{ MAM} \times 2019 \text{ MRF} \times \text{Truth in Assessing or Truth in Equalization} \\ 2019 \text{ MAM} &= 2.0000 \quad \times 1.0000 \quad \times .9500 = 1.9000 \end{aligned}$$

Assume this year’s ‘Base Tax Rate Fraction’ is 1.0050.

$$\begin{aligned} \text{This year's 'Base Tax Rate' is } 1.7085 &= 2018 \text{ Actual Levy} \times 2019 \text{ BTRF} \\ \text{BTR} &= 1.7000 \quad \times 1.0050 = 1.7085 \end{aligned}$$

What does this mean?

- The taxing jurisdiction can levy up to 1.7085 total operating mills (plus any BSF) without holding a Truth in Taxation hearing (including Section 16 of the Uniform Budget and Accounting Act).
- The taxing jurisdiction may not levy more than 1.9000 operating mills without a successful millage election.
- The taxing jurisdiction must comply with the requirements of Truth in Taxation to levy more than 1.7085 operating mills (net of any BSF), up to 1.9000 operating mills (net of BSF).



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

Bulletin No. 17 of 2018
October 22, 2018
Property Tax and Equalization Calendar for 2019
Revised February 12, 2019

TO: Equalization Directors and Assessors

FROM: The State Tax Commission

SUBJECT: Property Tax and Equalization Calendar for 2019

STATE TAX COMMISSION
2019 PROPERTY TAX, COLLECTIONS AND EQUALIZATION CALENDAR

By the 1st day of each month	County Treasurer must account for and deliver to the State the State Education Tax collections on hand on or before the 15 th day of the immediately preceding month. MCL 211.43(10)
By the 15th day of each month	County Treasurer must account for and deliver to the State the State Education Tax collections on hand on the last day of the preceding month. MCL 211.43(10)
December 1, 2018	Results of equalization studies should be reported to assessors of each township and city.
December 31, 2018	Tax Day for 2019 assessments and 2019 property taxes. MCL 211.2 Deadline for an owner that had claimed a conditional rescission of a Principal Residence Exemption to verify with the assessor that the property still meets the requirements for the conditional rescission through a second and third year annual verification of Form 4640 <i>Conditional Rescission of Principal Residence Exemption (PRE)</i> (on or before December 31). MCL 211.7cc(5)
January 2, 2019 December 31, 2018 is State Holiday January 1, 2019 is State Holiday	Deadline for counties to file 2018 equalization studies for 2019 starting bases with State Tax Commission (STC) for all classifications in all units on Form 602 (L-4018P) <i>State Tax Commission Analysis for Equalized Valuation of Personal Property</i> and Form 603 (L-4018R) <i>State Tax Commission Analysis for Equalized Valuation of Real Property</i> . [R 209.41(5)]
January 10, 2019	Except as otherwise provided in section 9m, 9n, or 9o, Assessors and/or Supervisors are required to annually send a personal property statement to any taxpayer they believe has personal property in their possession in their local unit. Form 632 (L-4175) <i>Personal Property Statements</i> must be sent or delivered no later than January 10 each year.

January 24, 2019	<p>Local units with an SEV of \$15,000,000 or Less: 2018 taxes collected by January 10 must be distributed within 10 business days of January 10. MCL 211.43(5)</p> <p>All other local units: Must distribute 2018 taxes collected within 10 business days after the 1st and 15th of each month except in March. MCL 211.43(3)(a)</p>
February 1, 2019	<p>Deadline to submit STC Form 2699 (L-4143) <i>Statement of "Qualified Personal Property"</i> by a <i>"Qualified Business"</i> with the assessor (not later than February 1). MCL 211.8a(2)</p> <p>Notice by certified mail to all properties that are delinquent on their 2017 property taxes (not later than February 1). MCL 211.78f(1)</p> <p>Property Services Division staff reports to the State Tax Commission on the progress and quality of equalization studies for each county on preliminary Form L-4030.</p>
February 14, 2019	<p>Last day to pay property taxes without the imposition of a late penalty charge equal to 3% of the tax in addition to the property tax administration fee, if any. MCL 211.44(3)</p> <p>The governing body may waive the penalty for the homestead property of a senior citizen, paraplegic, quadriplegic, hemiplegic, eligible service person, eligible veteran, eligible widow or widower, totally and permanently disabled or blind persons, if that person has filed a claim for a homestead property tax credit with the State Treasurer <u>before</u> February 15. Also applies to a person whose property is subject to a farmland/development rights agreement if they present a copy of the development rights agreement or verification that the property is subject to the development rights agreement <u>before</u> February 15. If statements are not mailed by December 31, the local unit may <u>not</u> impose the 3% late penalty charge.</p>
February 15, 2019	<p>A local unit of government that collects a summer property tax shall defer the collection until this date for property which qualifies. MCL 211.51(3)</p> <p>STC reports assessed valuations for DNR lands to assessors. MCL 324.2153(2)</p>
February 15, 2019 February 16 is Saturday February 17 is Sunday February 18 is State Holiday	<p>Deadline for county equalization director to publish in a newspaper, the tentative equalization ratios and estimated SEV multipliers for 2019, and to provide a copy to each assessor and board of review in the county. All notices of meetings of the boards of review must give the tentative ratios and estimated multipliers pertaining to their jurisdiction (on or before the third Monday in February). MCL 211.34a(1)</p>

<p>February 20, 2019</p>	<p>Deadline for taxpayer filing of personal property statement with assessor.</p> <p>Form 5278 <i>Eligible Manufacturing Personal Property Tax Exemption Claim, Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)</i> must be completed and delivered to the assessor of the local unit not later than February 20 (postmark is acceptable) for each personal property parcel for which the Eligible Manufacturing Personal Property exemption is being claimed.</p> <p>Deadline to file the statement to claim the exemption for Eligible Personal Property - Form 5076 <i>Small Business Property Tax Exemption Claim Under MCL 211.9o</i>. See the Assessor Guide to Small Business Taxpayer Exemption for more information. MCL 211.9o(2)</p> <p>Deadline for taxpayer to file Form 3711 <i>Report of Heavy Earth Moving Equipment Claimed as Exempt Inventory</i> if a claim of exemption is being made for heavy earth moving equipment. STC Bulletin 4 of 2001; MCL 211.19(2)</p> <p>Deadline for payments to municipalities from the Local Community Stabilization Authority: Local Community Stabilization Share revenue for county extra-voted millage, township millage, and other millages levied 100% in December. MCL 123.1357(8)(b)</p>
<p>February 28, 2019</p>	<p>Last day for local treasurers to collect 2018 property taxes. MCL 211.78a</p> <p>Deadline for municipalities to report inaccurate 2013 and 2016 commercial personal property and industrial personal property taxable values, as reported by the county equalization director in calendar year 2016, to the county equalization director. MCL 123.1358(5)(b)</p> <p>Deadline for municipalities to report inaccurate 2013, 2014, 2015, and 2016 commercial personal property and industrial personal property taxable values, as reported on July 10, 2017, under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751, to the county treasurer. MCL 123.1358(5)(c)</p> <p>Deadline for municipalities to report inaccurate 2013 and 2017 commercial personal property and industrial personal property taxable values, as reported by the county equalization director in calendar year 2017, to the county equalization director. MCL 123.1358(5)(d)</p> <p>Deadline for municipalities to report inaccurate 2018 commercial personal property and industrial personal property taxable values, as reported by the county equalization director in calendar year 2018, to the county equalization director. MCL 123.1358(5)(e)</p>

March 1, 2019	<p>The STC shall publish the inflation rate multiplier before March 1. MCL 211.34d(15)</p> <p>Properties with delinquent 2017 taxes, forfeit to the County Treasurer. MCL 211.78g(1). County Treasurer adds \$175 fee per MCL 211.78g(1), as well as all recording fees and all fees for service of process or notice. MCL 211.78g(3)(d)</p> <p>2017 tax-delinquent redemptions require additional interest at non-compounded rate of ½% per month from March 1 forfeiture. MCL 211.78g(3)(b)</p> <p>County Treasurer commences settlement with local unit treasurers. MCL 211.55</p> <p>County Property Tax Administration Fee of 4% added to unpaid 2018 taxes and interest at 1% per month. MCL 211.78a(3)</p> <p>Local units to turn over 2018 delinquent taxes to the County Treasurer. MCL 211.78a(2). On March 1 in each year, taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent for collection. However, if the last day in a year that taxes are due and payable before being returned as delinquent is on a Saturday, Sunday, or legal holiday, the last day taxes are due and payable before being returned as delinquent is on the next business day and taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent on the immediately succeeding business day.</p>
March 4, 2019	<p>The 2019 assessment roll shall be completed and certified by the assessor (on or before the first Monday in March). MCL 211.24</p>
March 5, 2019	<p>The assessor/supervisor shall submit the 2019 certified assessment roll to the Board of Review (BOR) (Tuesday after first Monday in March). MCL 211.29(1)</p> <p>Organizational meeting of Township Board of Review. MCL 211.29. City BOR may vary according to Charter provisions.</p>
March 11, 2019	<p>The BOR must meet on the second Monday in March. This meeting must start not earlier than 9 a.m. and not later than 3 p.m. The BOR must meet one additional day during this week and shall hold at least three hours of its required sessions during the week of the second Monday in March <u>after 6 p.m.</u> MCL 211.30. Note: The governing body of a city or township may authorize an alternative starting date for the second meeting of the March Board of Review, which can be either the Tuesday or the Wednesday following the second Monday in March. MCL 211.30(2)</p>
March 15, 2019	<p>Within ten business days after the last day of February, at least 90% of the total tax collections on hand, must be delivered by the local unit treasurer to the county and school district treasurers. MCL 211.43(3)(b)</p>

March 29, 2019	<p>Deadline for county equalization directors to notify the Department of Treasury of any corrected 2013 and 2016 commercial personal property and industrial personal property taxable values, as reported by the county equalization director in calendar year 2016, by providing substantiating documentation to support the corrected values. MCL 123.1358(5)(b)</p> <p>Deadline for county treasurers to notify the Department of Treasury of any corrected 2013, 2014, 2015, and 2016 commercial personal property and industrial personal property taxable values, as reported on July 10, 2017, under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751, by providing substantiating documentation to support the corrected values. MCL 123.1358(5)(c)</p> <p>Deadline for county equalization directors to notify the Department of Treasury of any corrected 2013 and 2017 commercial personal property and industrial personal property taxable values, as reported by the county equalization director in calendar year 2017, by providing substantiating documentation to support the corrected values. MCL 123.1358(5)(d)</p>
March 31, 2019	<p>Deadline for municipalities to notify the Department of Treasury of any errors identified in the 2016, 2017, or 2018 personal property tax reimbursements by providing substantiating documentation. MCL 123.1358(4)</p> <p>Deadline for county equalization directors to notify the Department of Treasury of any corrected 2018 commercial personal property and industrial personal property taxable values, as reported by the county equalization director in calendar year 2018, by providing substantiating documentation to support the corrected values. MCL 123.1358(5)(e)</p>
April 1, 2019	<p>District or ISD must reach agreement for summer tax collection with township or city, or county if there is a summer school levy. MCL 380.1613(2)</p> <p>Not later than April 1, local unit treasurers make final adjustment and delivery of the total amount of tax collections on hand. MCL 211.43(3)(c)</p> <p>Last day to pay all forfeited 2016 delinquent property taxes, interest, penalties and fees, unless an extension has been granted by the circuit court. If unpaid, title to properties foreclosed for 2016 real property taxes vests solely in the foreclosing governmental unit. MCL 211.78k</p> <p>Assessors are required to annually provide a copy of Form 5278 <i>Eligible Manufacturing Personal Property Tax Exemption Claim, Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)</i> and Form 5277 <i>Affidavit to Rescind Exemption of Eligible Manufacturing Personal Property Defined in MCL 211.9(m) and 211.9(n)</i> and other parcel information required by the Department of Treasury in a form and manner required by the Department no later than April 1 of each year. MCL 211.9m and 9n</p>

<p>April 1, 2019 Cont.</p>	<p>Separate tax limitations voted after April 1 of any year are not effective until the subsequent year. MCL 211.205i(2)</p> <p>On or before the first Monday in April, the BOR must complete their review of protests of assessed value, taxable value, property classification or denial by assessor of continuation of qualified agricultural property exemption. MCL 211.30a</p>
<p>April 2, 2019</p>	<p>Each Downtown Development Authority, Tax Increment Finance Authority, Local Development Finance Authority, Corridor Improvement Authority, Water Resource Improvement Authority, and Neighborhood Improvement Authority shall send a copy or an electronic mail link of its currently adopted development plan or its currently adopted tax increment finance plan, if separate from the development plan, to the Department of Treasury. MCL 125.4912</p>
<p>April 3, 2019</p>	<p>The Township Supervisor or assessor shall deliver the completed assessment roll, with BOR certification, to the county equalization director not later than the tenth day after adjournment of the BOR or the Wednesday following the first Monday in April, whichever date occurs first. MCL 211.30(7)</p> <p>An assessor shall file Form 606 (L-4021) <i>Assessment Roll Changes Worksheet</i> with the County Equalization Department, and Form 607 (L-4022) <i>2018 Report of Assessment Roll Changes and Classification</i> (signed by the assessor) with the County Equalization Department and the STC, immediately following adjournment of the board of review. (STC Administrative Rule: R 209.26(6a), (6b)). Form 607 (L-4022) <u>must</u> be signed by the assessor of record.</p> <p>Form 4626 <i>Assessing Officers Report of Taxable Values as of State Equalization</i> due to the County.</p>
<p>April 9, 2019</p>	<p>County Board of Commissioners meets in equalization session. (Tuesday following the second Monday in April each year) MCL 209.5(1) and 211.34(1)</p> <p>The equalization director files a tabular statement of the county equalization adopted by the County Board of Commissioners on Form 608 (L-4024) <i>Personal and Real Property</i> prescribed and furnished by the STC immediately after adoption.</p> <p>County equalization shall be completed and official report (Form 608 (L-4024) <i>Personal and Real Property</i>) filed with STC prior to May 6, 2019. (first Monday in May) MCL 209.5(2)</p> <p>The Property Services Division staff makes a <u>final</u> report to the State Tax Commission on Form L-4030 after the adoption of the 2019 equalization report by the County Board of Commissioners and prior to Preliminary State Equalization.</p>

April 15, 2019	<p>Equalization director files separate Form 2164 (L-4023) <i>Analysis for Equalized Valuation</i> for each unit in the county with the STC no later than the third Monday in April. STC Rule 209.41(6); MCL 211.150(4)</p> <p>Allocation Board meets and receives budgets. MCL 211.210</p> <p>Equalization Director submits separate Form 4626 <i>Assessing Officers Report of Taxable Values as of State Equalization</i> for each unit in the county with the STC no later than the third Monday in April.</p> <p>Deadline for county treasurers to record Certificates of Forfeiture for the March 1 forfeiture parcels. MCL 211.78g(2)</p>
May 1, 2019	<p>Final day for completion of delinquent tax rolls. MCL 211.57(1)</p> <p>Deadline for filing a <i>Principal Residence Exemption (PRE) Active Duty Military Affidavit</i> (Form 4660) to allow military personnel to retain a PRE for up to three years if they rent or lease their principal residence while away on active duty. MCL 211.7dd</p> <p>Last day of deferral period for winter (December 1) property tax levies, if the deferral for qualified taxpayers was authorized by the County Board of Commissioners. MCL 211.59(3)</p> <p>Deadline for filing Form 2599 <i>Claim for Farmland (Qualified Agricultural) Exemption from Some School Operating Taxes</i> with the local assessor if the property is NOT classified agricultural or if the assessor asks an owner to file it to determine whether the property includes structures that are not exempt.</p> <p>Deadline for Department of Treasury to post the millage rate comparison reports on the PPT Reimbursement website. MCL 123.1353(5)</p>
May 6, 2019	<p>Deadline for filing official County Board of Commissioners report of county equalization, Form 608 (L-4024) <i>Personal and Real Property-TOTALS</i>, with STC (first Monday in May). MCL 209.5(2)</p> <p>Appeal from county equalization to Michigan Tax Tribunal must be filed within 35 days after the adoption of the county equalization report by the County Board of Commissioners. MCL 205.735(3)</p> <p>Deadline for assessor to file tabulation of Taxable Valuations for each classification of property with the county equalization director on STC Form 609 (L-4025) <i>Report of Taxable Valuations Including Additions, Losses and Totals as Approved by the Board of Review</i> to be used in “Headlee” calculations (first Monday in May). MCL 211.34d(2).</p>
May 13, 2019	<p>Preliminary state equalization valuation recommendations presented by the Property Services Division staff to the State Tax Commission (second Monday in May). MCL 209.2(1)</p>

May 15, 2019	<p>Not later than this date, the State must have prepared an annual assessment roll for the state-assessed properties. MCL 207.9(1)</p> <p>Deadline for assessors to report the current year taxable value of commercial personal property and industrial personal property as of May 10, 2019 to the county equalization director (each May 15). MCL 123.1353(3)</p>
May 20, 2019	<p>Deadline for payments to municipalities from the Local Community Stabilization Authority:</p> <p>For underpayment of a prior personal property tax reimbursement and remaining balance of Local Community Stabilization Share revenue. MCL 123.1357(8)(d)</p>
May 28, 2019 May 27 is State Holiday	State Equalization Proceeding - Final State Equalization order is issued by State Tax Commission (fourth Monday in May). MCL 209.4
After May 28 and Before June 1, 2019	Last day for Allocation Board Hearing (not less than 8 days or more than 12 days after issuance of preliminary order). MCL 211.215
May 31, 2019	<p>Michigan Tax Tribunal Filing Deadline: Appeals of property classified as commercial real, industrial real, developmental real, commercial personal, industrial personal or utility personal must be made by filing a written petition with the Michigan Tax Tribunal on or before May 31 of the tax year involved. MCL 205.735a(6)</p> <p>If as a result of State Equalization, the taxable value of property changes, the Equalization Director shall revise the millage reduction fractions by the Friday following the fourth Monday in May. MCL 211.34d(2)</p> <p>Deadline for county equalization directors to file the Personal Property Summary Report (PPSR) to the Department of Treasury. The current year taxable value of commercial personal property and industrial personal property shall be the current taxable value on May 10, 2019. MCL 123.1353(3)</p> <p>Deadline for assessors to file Form 5403 <i>Personal Property 2019 Taxable Value for Expired Tax Exemptions</i>, with the county equalization director and Department of Treasury (each May 31). MCL 123.1353(6)</p> <p>Deadline for assessors to file Form 5429 <i>Personal Property 2019 Taxable Value for Expired/Expiring Renaissance Zone</i> with the county equalization director and Department of Treasury (each May 31). MCL 123.1353(6)</p>
June 1, 2019	Deadline for filing Form 2368 <i>Principal Residence Exemption (PRE) Affidavit</i> for exemption from the 18-mill school operating tax to qualify for a PRE for the summer tax levy. MCL 211.7cc(2)

<p>June 1, 2019 Cont.</p>	<p>Deadline for filing the initial request (first year) of a <i>Conditional Rescission of Principal Residence Exemption (PRE)</i> (Form 4640) for the summer tax levy. MCL 211.7cc(5)</p> <p>Deadline for filing Form 4983 <i>Foreclosure Entity Conditional Rescission of a Principal Residence Exemption (PRE)</i> to qualify for the summer tax levy. MCL 211.7cc(5)</p> <p>Assessment Roll due to County Treasurer if local unit is not collecting summer taxes. MCL 211.905b(6)(a)</p> <p>Last day to send the first notice to all properties that are delinquent on 2018 taxes. MCL 211.78b</p> <p>No later than June 1, the County Treasurer delivers to the State Treasurer a statement listing the total amount of state education tax (SET) not returned delinquent, collected by the County Treasurer, and collected and remitted to the County Treasurer by each city or township treasurer, also a statement for the county and for each city or township of the number of parcels from which the SET was collected, the number of parcels for which SET was billed, and the total amount retained by the County Treasurer and by the City or Township Treasurer. MCL 211.905b(12)</p> <p>Requests are due from a Brownfield Redevelopment Authority, Tax Increment Finance Authority, Local Development Financing Authority or Downtown Development Authority for state reimbursements of tax increment revenue decreases as a result of the MBT reduction in personal property taxes (not later than June 1). Form 4650; P.A. 154-157 of 2008.</p>
<p>June 3, 2019</p>	<p>Deadline for notifying protesting taxpayers in writing of Board of Review Action (by the first Monday in June). MCL 211.30(4)</p> <p>County Equalization Director calculates current year millage reduction fractions including those for inter-county taxing jurisdictions. The completed, verified Form 612 (L-4028) <i>2018 Millage Reduction Fraction Computation</i> is filed with the County Treasurer and the STC on or before the first Monday in June. MCL 211.34d(3)</p>
<p>June 7, 2019</p>	<p>Deadline for county equalization directors to file the Personal Property Inter-County Summary Report (PPSR-IC) to the Department of Treasury. The current year taxable value of commercial personal property and industrial personal property shall be the current taxable value on May 10, 2019. MCL 123.1353(3)</p>
<p>June 10, 2019</p>	<p>Allocation Board must issue final order not later than the second Monday in June. MCL 211.216</p>
<p>June 15, 2019</p>	<p>Deadline for submission of Water Pollution Control PA 451 of 1994 Part 37 and Air Pollution Control PA 451 of 1994 Part 59 tax exemption applications to the State Tax Commission. Note: Applications for the above exemption programs received on or after June 16 shall be</p>

June 15, 2019 Cont.	<p>considered by the Commission contingent upon staff availability.</p> <p>Deadline for the assessor's report to the STC on the status of each Neighborhood "homestead" exemption granted under the Neighborhood Enterprise Zone Act. MCL 207.786(2)</p> <p>Deadline for foreclosing governmental units to file petition for tax foreclosure with the circuit court clerk for the March 1, 2019 forfeitures. MCL 211.78h(1)</p>
June 17, 2019 June 15 is Saturday June 16 is Sunday	<p>Deadline for Tax Increment Finance (TIF) Authorities to file the TIF loss reimbursement claims - Form 5176 <i>Request for State Reimbursement of Tax Increment Finance Authority Personal Property TIF Loss for NON-Brownfield Authorities</i>, Form 5176BR <i>Request for State Reimbursement of Tax Increment Finance Authority Personal Property TIF Loss for Brownfield Authorities</i>, or Form 5176ICV <i>Tax Increment Financing Personal Property Loss Reimbursement for Authorities with Increased Captured Value Loss</i>. MCL 123.1356a(3)</p>
June 24, 2019	<p>Deadline for equalization directors to file tabulation of final Taxable Valuations with the State Tax Commission on Form 2795 (L-4046) (fourth Monday in June). MCL 211.27d</p>
June 28, 2019 June 29 is Saturday June 30 is Sunday	<p>Summer Tax Levy for School Millage Detail and Tax Roll. MCL 380.1613(4)(c). Before June 30 the County Treasurer or the treasurer of the school district or intermediate school district shall spread the taxes being collected.</p> <p>County Treasurer to spread summer SET and County Allocated and Prepare Tax Roll MCL 211.905b(6)(b). Not later than June 30, the county treasurer or the state treasurer shall spread the millage levied against the assessment roll and prepare the tax roll.</p> <p>Deadline for classification appeals to STC. MCL 211.34c(6). A classification appeal must be filed with the STC in writing on Form 2167 (L-4100) <i>Property Owner Petition for Change of Property Classification</i> (June 30).</p> <p>Deadline for County Equalization Director to file Interim Status Report of the ongoing study for the current year. [R 209.41(4)]</p> <p>Township Supervisor shall prepare and furnish the summer tax roll before June 30 to the Township Treasurer with supervisor's collection warrant attached if summer school taxes are to be collected. MCL 380.1612(1)</p>
July 1, 2019	<p>Taxes due and payable in those jurisdictions authorized to levy a summer tax. (Charter units may have a different due date). MCL 211.44a(3) and (4)</p>
July 2, 2019	<p>Deadline for governmental agencies to exercise the right of refusal for 2018 tax foreclosure parcels. (first Tuesday in July) MCL 211.78m(1)</p>

July 16, 2019	<p>The July BOR may be convened to correct a qualified error (Tuesday after the third Monday in July). MCL 211.53b. The governing body of the city or township may authorize, by adoption of an ordinance or resolution, one or more of the following alternative meeting dates for the purposes of this section. An alternative meeting date during the week of the third Monday in July. MCL 211.53b(9)(b)</p> <p>An owner who owned and occupied a principal residence on May 1 for taxes levied before January 1, 2013, for which the exemption was not on the tax roll may file an appeal with the July Board of Review in the year for which the exemption was claimed or the immediately succeeding three years. For taxes levied after December 31, 2012, an owner who owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll may file an appeal with the July Board of Review in the year for which the exemption was claimed or the immediately succeeding three years. MCL 211.7cc(19)</p> <p>An owner of property that is Qualified Agricultural Property on May 1 may appeal to the July Board of Review for the current year and the immediately preceding year if the exemption was not on the tax roll. MCL 211.7ee(6)</p> <p>July BOR may hear appeals for current year only for poverty exemptions, <u>but not</u> poverty exemptions denied by the March Board of Review. MCL 211.7u, STC Bulletin No. 6 of 2017.</p>
July 31, 2019	<p>Michigan Tax Tribunal Filing Deadline: Appeals of property classified as residential real, agricultural real, timber-cutover real or agricultural personal must be made by filing a written petition with the Michigan Tax Tribunal on or before July 31 of the tax year involved. MCL 205.735a(6)</p> <p>Form 170 <i>Industrial Facilities Exemption Treasurer's Report</i> must be filed with the Property Services Division on or before July 31 of the tax year involved.</p> <p>A protest of assessed valuation or taxable valuation or the percentage of Qualified Agricultural Property exemption subsequent to BOR action, must be filed with the Michigan Tax Tribunal, in writing on or before July 31.</p>
August 1, 2019	<p>Deadline for local school districts and intermediate school districts to file Form 5451 <i>2019 Debt Millage Rate for Personal Property Tax Reimbursement to School District or Intermediate School District (ISD)</i>. MCL 123.1353(4)</p> <p>Deadline for local school districts to file Form 5609 <i>2019 Hold Harmless Millage Rate for Personal Property Tax Reimbursement</i>. MCL 123.1353(4)</p>

August 1, 2019 Cont.	<p>Deadline for a county, township, village, city, or local authority to file Form 5608 <i>Portion of 2018 Essential Services Millage Rate Dedicated for Cost of Essential Services</i>. MCL 123.1353(7)</p> <p>Deadline for a municipality to file Form 5613 <i>Millage Rate Correction for 2019 Personal Property Tax Reimbursement Calculations</i>. MCL 123.1358(4)</p>
August 15, 2019	Deadline for electronically paying and filing the essential services assessment with the Department of Treasury without late payment penalty. MCL 211.1057
August 19, 2019	Deadline for taxpayer to file appeal directly with the Michigan Tax Tribunal if final equalization multiplier exceeds tentative multiplier and a taxpayer's assessment, as equalized, is in excess of 50% of true cash value (by the third Monday in August). MCL 205.737(7)
September 1, 2019	Last day to send second notice by first class mail to all properties that are delinquent on 2018 taxes. MCL 211.78c
September 16, 2019 September 14 is Saturday September 15 is Sunday	<p>Summer Taxes Due: Summer taxes due, unless property is located in a city with a separate charter due date (Sept 14). MCL 211.905b(10), MCL 380.1613(4)(e). MCL 211.107</p> <p>Interest of 1% per month will accrue if the payment is late for the State Education Tax and County Taxes that are part of the summer tax collection. MCL 211.905b(9) and 211.44a(6). Note: date may be different depending on the city charter.</p>
September 17, 2019	Last day of deferral period for summer property tax levies, if the deferral is for qualified taxpayers. (Sept 15 or the time the tax would otherwise be become subject to interest or late penalty). MCL 211.51(7)
September 20, 2019	Deadline for payments to counties from the Local Community Stabilization Authority: Local Community Stabilization Share revenue for county allocated millage. MCL 123.1357(5)(a)
September 30, 2019	<p>Clerk of township or city delivers to supervisor and county clerk a certified copy of all statements, certificates, and records of vote directing monies to be raised by taxation of property. MCL 211.36(1)</p> <p>Financial officer of each unit of local government computes tax rates in accordance with MCL 211.34d and 211.34 MCL and governing body certifies that rates comply with Section 31, Article 9, of 1963 Constitution and MCL 211.24e, Truth in Taxation, on Form 614 (L-4029) <i>Tax Rate Request</i> on or before September 30</p>
October	County Prosecutor is obligated by statute to furnish legal advice promptly regarding the apportionment report. A County Board of Commissioners shall not authorize the levy of a tax unless the governing body of the taxing jurisdiction has certified that the requested millage has been reduced, if

	necessary, in compliance with Section 31 of Article 9 of the State Constitution of 1963 and MCL 211.34d, 211.37 and 211.34(1). The County Board also receives certifications that Truth in Taxation hearings have been held if required. MCL 211.24e
October 1, 2019	County Treasurer adds \$15 for each parcel of property for which the 2016 real property taxes remain unpaid. MCL 211.78d
October 15, 2019	<p>The assessor reports the status of real and personal Industrial Facility Tax property to STC. MCL 207.567(2)</p> <p>Governmental units report to the STC on the status of each exemption granted under the Commercial Redevelopment Act. MCL 207.666</p> <p>Qualified local governmental units report to the STC on the status of each exemption granted under the Commercial Rehabilitation Act. MCL 207.854</p> <p>Qualified local governmental units report to the STC on the status of each exemption granted under the Obsolete Property Rehabilitation Act. MCL 125.2794</p> <p>The assessor's annual report of the determination made under MCL 207.783(1) to each taxing unit that levies taxes upon property in the local governmental unit in which a new facility or rehabilitated facility is located and to each holder of the Neighborhood Enterprise Zone certificate. MCL 207.783(2)</p>
October 21, 2019 October 20 is Sunday	<p>Deadline for payments to municipalities from the Local Community Stabilization Authority:</p> <p>Local Community Stabilization Share revenue for county allocated millage and other millages not levied 100% in December. MCL 123.1357(8)(a) and (c)</p>
October 31, 2019	<p>October apportionment session of the County Board of Commissioners to examine certificates, direct spread of taxes in terms of millage rates to be spread on Taxable Valuations. MCL 211.37</p> <p>Deadline for submission of New Personal Property PA 328 of 1998, Obsolete Property PA 146 of 2000, Commercial Rehabilitation PA 210 of 2005, Neighborhood Enterprise Zone PA 147 of 1992, Commercial Facilities PA 255 of 1978 and Industrial Facilities PA 198 of 1974 tax exemption applications to the State Tax Commission. Note: Applications for the above exemption programs received after October 31 shall be considered by the Commission contingent upon staff availability.</p>
November 1, 2019	<p>Deadline for filing <i>Principal Residence Exemption Affidavit</i> (Form 2368) for exemption from the 18-mill school operating tax to qualify for a PRE for the winter tax levy. MCL 211.7cc(2)</p> <p>Deadline for filing the initial request (first year) of a <i>Conditional Rescission of Principal Residence Exemption (PRE)</i> (Form 4640) for the</p>

	<p>winter tax levy. MCL 211.7cc(5)</p> <p>Deadline for filing for <i>Foreclosure Entity Conditional Rescission of a Principal Residence Exemption (PRE)</i> (Form 4983) to qualify for the winter tax levy. MCL 211.7cc(5)</p>
November 5, 2019	On or before November 5, Township Supervisor shall notify Township Treasurer of the amount of county, state and school taxes apportioned in township to enable treasurer to obtain necessary bond for collection of taxes. MCL 211.43(1)
November 15, 2019	Form 600 (L-4016) <i>Supplemental Special Assessment Report</i> , due to the STC.
November 27, 2019 November 28 is a State Holiday	On or before November 28, Township Treasurer gives County Treasurer a bond running to the county in the actual amount of county, state and school taxes. MCL 211.43(2)
December 1, 2019	<p>County Equalization Director submits apportionment millage report to the STC. MCL 207.12</p> <p>On or before December 1, County Treasurer delivers to Township Supervisor a signed statement of approval of the bond and the Township Supervisor delivers the tax roll to the Township Treasurer.</p> <p>On or before December 1, Deadline for foreclosing governmental units to transfer list of unsold 2019 tax foreclosure parcels to the clerk of the city, township, or village in which the parcels are located. MCL 211.78m(6)</p> <p>2019 taxes due and payable to local unit treasurer are a lien on real property. Charter cities or villages may provide for a different day. MCL 211.40</p> <p>Results of equalization studies should be reported to assessors of each township and city.</p>
December 2, 2019 November 30 is Saturday December 1 is Sunday	<p>Deadline for payments to municipalities from the Local Community Stabilization Authority:</p> <p>Local Community Stabilization Share revenue to municipalities with state facilities under 1977 PA 289, MCL 141.951 to 141.956. MCL 123.1357(8)(e)</p>
MTT Note:	Appeal to Michigan Tax Tribunal of a contested tax bill must be filed within 60 days after the mailing of the tax bill that the taxpayer seeks to contest. MCL 205.735. (Limited to arithmetic errors)
December 10, 2019	Special Board of Review meeting may be convened by assessing officer to correct qualified errors (Tuesday after the second Monday in Dec.). MCL 211.53b. The governing body of the city or township may authorize, by adoption of an ordinance or resolution, one or more of the following alternative meeting dates for the purposes of this section: An alternative meeting date during the week of the second Monday in December. MCL 211.53b(7)

<p>December 10, 2019 Cont.</p>	<p>For taxes levied after December 31, 2011, an owner who owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll may file an appeal with the December Board of Review in the year for which the exemption was claimed or the immediately succeeding three years. MCL 211.7cc(19)</p> <p>An owner of property that is Qualified Agricultural Property on May 1 may appeal to the December Board of Review for the current year and the immediately preceding year if the exemption was not on the tax roll. MCL 211.7ee(6)</p> <p>December Board of Review to hear appeals for current year poverty exemptions only, but not poverty exemptions denied by the March Board of Review. MCL 211.7u, STC Bulletin No. 6 of 2017</p>
<p>December 31, 2019</p>	<p>Tax Day for 2020 property taxes. MCL 211.2(2)</p> <p>All taxes due and liens are canceled for otherwise unsold 2019 tax foreclosure parcels purchased by the state or transferred to the local unit or the Michigan Land Bank Fast Track Authority. MCL 211.78m(11) and (12)</p> <p>An eligible claimant may appeal an assessment levied, a penalty or rescission under the Essential Service Assessment Act to the Michigan Tax Tribunal by filing a petition no later than December 31 in that same tax year.</p> <p>The Department of Treasury may appeal the 2018 classification of any assessable property to the Small Claims Division of the Michigan Tax Tribunal. MCL 211.34c(7)</p> <p>Deadline for an owner that had claimed a conditional rescission of a Principal Residence Exemption to verify to the assessor that the property still meets the requirements for the conditional rescission through a second and third year annual verification of a <i>Conditional Rescission of Principal Residence Exemption (PRE)</i> (Form 4640). MCL 211.7cc(5)</p> <p>Deadline for a land contract vendor, bank, credit union or other lending institution that had claimed a foreclosure entity conditional rescission of a Principal Residence Exemption to verify to the assessor that the property still meets the requirements for the conditional rescission through the filing of an annual verification of a foreclosure entity. (MCL 211.7cc(5))</p> <p>Form 5277 <i>Affidavit to Rescind Exemption of Eligible Manufacturing Personal Property Defined in MCL 211.9(m) and 211.9(n)</i> shall be filed with the assessor of the township or city in which the personal property is located, no later than December 31 of the year in which the exempted property is no longer eligible for the Eligible Manufacturing Personal Property exemption.</p>

January 2, 2020 December 31 is State Holiday January 1 is State Holiday	Deadline for counties to file 2018 equalization studies for 2019 starting bases with State Tax Commission (STC) for all classifications in all units on Form 602 (L-4018P) <i>State Tax Commission Analysis for Equalized Valuation of Personal Property</i> and Form 603 (L-4018R) <i>State Tax Commission Analysis for Equalized Valuation of Real Property</i> . [R 209.41(5)]
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State Tax Commission



Assessor Guide to Eligible Manufacturing Personal Property Tax Exemption and ESA

Revised February 2019

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Introduction:

“I’ve heard Business Personal Property Taxes are all being eliminated”, is one of the most frequently asked questions received by the STC. While significant changes to Business Personal Property Taxes began in 2016, not all personal property tax is being eliminated.

In December of 2012, initial legislation was passed that significantly changed the taxation of personal property. The Acts, as amended, exempt about ½ of personal property from ad valorem taxation through two main provisions: 1) Small Business Taxpayer Exemption (MCL 211.9o) and 2) Eligible Manufacturing Personal Property Exemption (MCL 211.9m and MCL 211.9n). The Acts also identified a replacement specific tax on personal property, Essential Services Assessment (ESA) and reimbursement for local units lost revenue.

This Guide will focus on detailed information that assessors need to know about the Eligible Manufacturing Personal Property Tax Exemption, ESA, and Special Act changes and will provide resource material and contact information. The Small Business Taxpayer Exemption will not be covered in this material; the Guide to the Small Business Taxpayer Exemption can be found on the PPT website at www.michigan.gov/ppt.

Additionally, the local unit reimbursement will not be covered in this guide. More information on the local unit reimbursement can be found on the PPT website at www.michigan.gov/ppt under personal property tax information, personal property tax reimbursement.

Statutory Review:

MCL 211.9m and MCL 211.9n provide the statutory authority for the Eligible Manufacturing Personal Property Tax Exemption. ESA statutory authority is contained in P.A. 92, which will be covered in a separate section.

MCL 211.9m and MCL 211.9n are essentially identical except for the “type” of personal property they exempt.

MCL 211.9m exempts Qualified New Personal Property. Qualified New Personal Property is defined as property that was initially placed in service in this state or outside of this state **after** December 31, 2012 or that was construction in progress on or after December 31, 2012 that had not been placed in service in this state or outside of this state before 2013 **and** is eligible manufacturing personal property (EMPP).

Effectively this means any eligible manufacturing personal property placed in service in 2013 and after is exempt from ad valorem personal property taxation and subject only to the ESA.

MCL 211.9n exempts Qualified Previously Existing Personal Property. Qualified Previously existing personal property means personal property that was first placed in service within this state or outside of this state more than 10 years before the current calendar year **and** is eligible manufacturing personal property (EMPP).

Effectively this means that in 2016, EMPP placed in service in 2005 and earlier is exempt from ad valorem personal property taxation and subject only to the ESA. In 2017, EMPP placed in service in 2006 and earlier is exempt from ad valorem personal property taxation and subject only to the ESA.

This phase in of the exemption continues with all new EMPP placed in service being exempt and all existing EMPP phasing into exempt status each year beginning with 2005 and working up to EMPP placed in service in 2012 becoming exempt by 2023. In 2023, all EMPP will be exempt.

Please see the following phase out chart:

Personal Property Phase Out Chart					
					October 22, 2015
Tax Year	Exempt and Subject to ESA	Pays Ad Valorem	Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2016	2015		Tax Year 2017	2016	
	2014			2015	
	2013			2014	
		2012		2013	
		2011			2012
		2010			2011
		2009			2010
		2008			2009
		2007			2008
		2006			2007
	2005 and Earlier			2006 and Earlier	
Tax Year	Exempt and Subject to ESA	Pays Ad Valorem	Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2018	2017		Tax Year 2019	2018	
	2016			2017	
	2015			2016	
	2014			2015	
	2013			2014	
		2012		2013	
		2011			2012
		2010			2011
		2009			2010
		2008			2009
	2007 and Earlier			2008 and Earlier	

Tax Year	Exempt and Subject to ESA	Pays Ad Valorem		Tax Year	Exempt and Subject to ESA	Pays Ad Valorem
Tax Year 2020	2019			Tax Year 2021	2020	
	2018				2019	
	2017				2018	
	2016				2017	
	2015				2016	
	2014				2015	
	2013				2014	
		2012			2013	
		2011				2012
		2010				2011
	2009 and Earlier				2010 and Earlier	
Tax Year	Exempt and Subject to ESA	Pays Ad Valorem		After 2023, All Eligible Personal Property is subject to the ESA Specific Tax		
Tax Year 2022	2021					
	2020					
	2019					
	2018					
	2017					
	2016					
	2015					
	2014					
	2013					
		2012				
	2011 and Earlier					

Key to the definition of both Qualified New Personal Property and Qualified Previously Existing Personal Property is that both must be Eligible Manufacturing Personal Property.

Eligible Manufacturing Personal Property (EMPP) is statutorily defined as all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support. Let's examine in more detail each component of the definition of EMPP beginning with the definition of *occupied real property*.

Occupied Real Property is defined in MCL 211.9m as all of the following: (i) A parcel of real property that is entirely owned, leased, or otherwise occupied by a person claiming an exemption under section 9m or 9n. (ii) Contiguous parcels of real property that are entirely owned, leased, or otherwise occupied by a person claiming an exemption under section 9m or 9n and that host a single, integrated business operation engaged primarily in industrial processing, direct integrated support, or both. A business operation is not engaged primarily in industrial processing, direct integrated support, or both if it engages in significant business activities that are not directly related to industrial processing or direct integrated support. Contiguity is not broken by a boundary between local tax collecting units, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. As used in this subparagraph, "single, integrated business operation" means a company that combines 1 or more related operations or divisions and operates as a single business unit. (iii) The portion of a parcel of real property that is owned, leased, or otherwise occupied by a person claiming the exemption section 9m or 9n or by an affiliated person.

To this point, we have covered that in order to be eligible to receive the exemption, EMPP must have been placed in service in 2013 and later or more than 10 years before the current year, for example in 2017 that would include EMPP placed in service in 2006 and earlier.

The personal property must be located on an occupied real property parcel, which is a parcel or part of a parcel owned or leased or occupied by the person claiming the exemption or contiguous parcels. That property must be predominantly used in industrial processing or direct integrated support. Please note: the classification of the property is not a determining factor in eligibility for the exemption. Nor is the fact that the personal property may be located in an industrial district or subject to an IFT.

Industrial Processing is defined in MCL 211.9M as: that term as defined in section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Industrial processing does not include the generation, transmission, or distribution of electricity for sale. MCL 205.54t and MCL 205.94o both contain the same definition of industrial processing and indicates that industrial processing includes the following activities:

- a) Production or assembly.
- b) Research or experimental activities.
- c) Engineering related to industrial processing.
- d) Inspection, quality control, or testing to determine whether particular units of materials or products or processes conform to specified parameters at any time before materials or products first come to rest in finished goods inventory storage.
- e) Planning, scheduling, supervision, or control of production or other exempt activities.
- f) Design, construction, or maintenance of production or other exempt machinery, equipment, and tooling.
- g) Remanufacturing.
- h) Processing of production scrap and waste up to the point it is stored for removal from the plant of origin.
- i) Recycling of used materials for ultimate sale at retail or reuse.
- j) Production material handling.
- k) Storage of in-process materials.

For a more detailed definition of industrial processing and exclusions please review:

RAB 2000-4: http://www.michigan.gov/documents/rab-2000-4_108793_7.pdf and

MCL 205.54t:

[http://www.legislature.mi.gov/\(S\(l2ybk4njhsrfjyuikfljxyc\)\)/documents/mcl/pdf/mcl-205-54t.pdf](http://www.legislature.mi.gov/(S(l2ybk4njhsrfjyuikfljxyc))/documents/mcl/pdf/mcl-205-54t.pdf)

Direct Integrated Support is defined in MCL 211.9m as any of the following:

- (i) Research and development related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
- (ii) Testing and quality control functions related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
- (iii) Engineering related to goods produced in industrial processing and conducted in furtherance of that industrial processing.
- (iv) Receiving or storing equipment, materials, supplies, parts, or components for industrial processing, or scrap materials or waste resulting from industrial processing, at the industrial processing site or at another site owned or leased by the owner or lessee of the industrial processing site.
- (v) Storing of finished goods inventory if the inventory was produced by a business engaged primarily in industrial processing and if the inventory is stored either at the site where it was produced or at another site owned or leased by the business that produced the inventory.
- (vi) Sorting, distributing, or sequencing functions that optimize transportation and just-in-time inventory management and material handling for inputs to industrial processing.

These activities do not have to occur on the same site as the industrial processing nor do they have to be conducted by a related entity.

The final key piece of the definition is that the personal property located on occupied real property is **predominantly used** in industrial processing or direct integrated support. The determination of predominant use is a mathematical calculation. Property is determined to be predominantly used if the result of the following calculation is more than 50%:

- (i) Multiply the original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9m, 9n, and 9o that is located on that occupied real property and that is not construction in progress by its percentage of use in industrial processing or in direct integrated support.

Personal property is used in industrial processing if it is not used to generate, transmit, or distribute electricity for sale, if it is not utility personal property as described in section 34c(3)(e), and if its purchase or use by the person claiming the exemption would be eligible for exemption under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. For an item of personal property that is used in industrial processing, its percentage of use in industrial processing shall equal the percentage of the exemption the property would be eligible for under section 4t of the general sales tax act, 1933 PA 167, MCL 205.54t, or section 4o of the use tax act, 1937 PA 94, MCL 205.94o. Utility personal property as described in section 34c(3)(e) is not used in direct integrated support.

(ii) Divide the result of the calculation under subparagraph (i) by the total original cost of all personal property that is subject to the collection of taxes under this act and all personal property that is exempt from the collection of taxes under sections 7k, 9b, 9f, 9m, 9n, and 9o that is located on that occupied real property and that is not construction in progress.

A graphic representation of this formula is:

<p>Personal Property Original Cost on occupied real property times the percentage of use in industrial processing or direct integrated support</p> <p style="text-align: center;">-----Divided by-----</p> <p>Personal Property Original Cost on occupied real property</p>
--

For this calculation:

Personal property includes all taxable personal property, personal property exempt under IFT (211.7k), exempt special tooling (211.9b), exempt under PA 328 (211.9f), exempt under the Small Business Taxpayer Exemption (211.9o) and exempt as EMPP under MCL 211.9m and 211.9n. Subtract the cost of construction in progress.

Original Cost means the fair market value of personal property at the time of acquisition by the first owner.

Example 1: Sample Calculation

Personal Property	Status	Original Cost	% of use in IP or DIS	IP/DIS Eligible Cost
Machine 1	IFT Exempt	\$500,000	100%	\$500,000
Office Furniture	GPTA Taxable	\$100,000	0%	\$0
Shipping container	GPTA Taxable	\$50,000	30%	\$15,000
Die/Mold	Special Tool	\$250,000	100%	\$250,000
Machine Foundation	GPTA Taxable	\$100,000	50%	\$50,000
Computers	GPTA Taxable	\$35,000	60%	\$21,000
Machine 2	328 Exempt	\$250,000	50%	\$125,000
Machine 3	IFT Exempt	\$350,000	100%	\$350,000
Machine 4	GPTA Taxable	\$150,000	100%	\$150,000
Totals		\$1,785,000		\$1,461,000
\$1,461,000 divided by \$1,785,000 = 82%				

Each item of personal property is individually identified, the status determined, as well as the original cost and percent of use in industrial processing or direct integrated support. The original cost of each item of personal property is multiplied by its percentage of use in industrial processing or direct integrated support to determine an eligible cost. The

total eligible cost is then divided by the total original cost to determine the percent of predominant use. Because the result of the calculation is greater than 50%, all personal property on this occupied real property would qualify for the EMPP exemption and be subject to ESA.

If the result of the calculation would have been less than 50%, then none of the personal property on this occupied real property would qualify for the EMPP exemption.

Example 2: Contiguous Properties

Combining the EMPP calculation for contiguous parcels involved in a single integrated business operation can expand the exemption to parcels that would not qualify on their own.

For example 3 contiguous parcels that host a single integrated business operation:

Parcel A: Total Eligible Cost \$12 M divided by Total Original Cost \$15 M = 80%

Parcel B: Total Eligible Cost \$1 M divided by Total Original Cost \$5 M = 20%

Parcel C: Total Eligible Cost \$10 divided by Total Original Cost \$12M = 83%%

Combined = Total Eligible Cost \$23 M divided by Total Original Cost \$32 M = 72%

Therefore, personal property on all three parcels would qualify for the exemption.

For personal property that is construction in progress and part of a new facility not in operation, EMPP means all personal property that is part of that new facility if that personal property will be *predominantly used in industrial processing* when the facility becomes operational.

Personal property that is not owned, leased or used by the person who owns or leases *occupied real property* where the personal property is located is not EMPP unless the personal property is located on the *occupied real property* to carry on a current on-site business activity. Personal property that is placed on *occupied real property* solely to qualify the personal property for an exemption under 9m or 9n is not EMPP.

Utility personal property as described in section 34c(3)(e) and personal property used in the generation, transmission, or distribution of electricity for sale are not eligible manufacturing personal property.

Assessors are responsible for the determination that personal property meets the definition in order to be exempt. Due to the number of variables involved in the definition to qualify for the exemption, the State Tax Commission or the Department of Treasury cannot provide a determination that any individual entity or “type” of business would qualify for the exemption.

Claiming the Exemption, Review of Form 5278:

Taxpayers claim the exemption by filing Form 5278 *Eligible Manufacturing Personal Property Exemption Claim, Personal Property Statement, and Report of Fair Market Value of Qualified New and Previously Existing Personal Property (Combined Document)* with the local unit where the personal property is located no later than February 20th. The February 20th date will move to the next business day when February 20th falls on a weekend or a holiday. Form 5278 must be postmarked on or before February 20th.

Form 5278 contains three parts: Part 1, Form to Claim the Exemption, Part 2, Personal Property Statement and Part 3, Report of Fair Market Value of Qualified New and Previously Existing Personal Property. Together these three parts form the Combined Document.

Assessors must review the combined document carefully and in particular should pay attention to the following:

Form 5278 Part 1:

- The form must be signed and dated.
- Taxpayer name must be provided.
- The personal property number must be correct, and the information provided match the information contained in your records.
- The form must contain a nine-digit FEIN number in the following format: XX-XXXXXXX.
- Was a separate Form 5278 filled out for each personal property parcel number? This is particularly important when there is an IFT or PA 328 exemption on the same real property parcel. Assessors should have established for 2016 a separate personal property parcel number for IFT Personal Property, PA 328 Personal Property and Ad Valorem Personal Property even if located on the same real property parcel. Failure to do so could result in incorrect calculation of the Ad Valorem Tax and/or ESA Tax that is due for that Personal Property.

If a form is filed without the FEIN, parcel number, if the taxpayer name is not provided or if the form was not signed and dated, then the form is not considered fully complete and should be denied. The STC strongly recommends that assessors contact taxpayers who have not fully completed Part 1 in an effort to obtain the missing information before issuance of a denial.

Please note that pursuant to statutory authority an electronic or facsimile signature may be used on Form 5278.

Form 5278 Part 2: This part of the Combined Document mirrors the personal property statement; however it contains reporting only for the non-exempt years. For example, in 2017 taxpayers will report EMPP placed in service in 2007 through 2012 in Part 2 of the Combined Document. As with the personal property statement, taxpayers must include any “other” forms that they would normally file with their personal property statement.

These “other forms” include:

- Form 633 Electric Distribution Cooperative Personal Property Statement
- Form 3589 Cable Television and Utility Personal Property Report
- Form 4565 Wind Energy System Report
- Form 2698 Idle Equipment, Obsolete Equipment and Surplus Equipment Report
- Form 4452 Cellular (Wireless) Site Equipment Personal Property Report
- Form 4798 Automotive Manufacturing Equipment Personal Property Report

It is important to note that these forms should only include the non-exempt years. For example, in 2017, taxpayers should only report on these additional forms, EMPP placed in service in 2007 through 2012. Assessors should ensure that EMPP reported on these additional forms includes only the non-exempt years and all other years are reported on Part 3 of the Combined Document.

There are a few minor differences between the personal property statement and Form 5278. For example, Sections C and H from the personal property statement are not included on Form 5278. This is because the years that were included in those sections are now all “exempt” years.

Exempt special tooling retains their specific exemption under MCL 211.9b and MCL 211.9d. As a reminder, there are very few tools that fall into the exempt special tools category. Tooling that was previously reported in Section H will either now be exempt and subject to ESA and reported in Part 3 (in 2017 this would include year’s 2013, 2014, 2015 or 2016 and 2006 and prior) or be reported in Part 2 (in 2017 for years 2007 through 2012) in the corresponding table, we suggest using Table B.

Finally, construction in progress has been removed from Part 2 of the Form. In almost all cases, construction in progress would apply only to the immediately preceding year and two prior years. In the case of Form 5278, those years are all “exempt” years and are reported in Part 3 only.

As with Ad Valorem personal property statement filings, assessors should compare prior year(s) reporting to information reported on Form 5278 to ensure that the information filed appears accurate and complete. If the information filed on the Combined Document does not correspond with information previously filed, the assessor should contact the taxpayer to discuss the information filed to ensure the information filed on the Combined Document is accurate.

Form 5278 Part 3: This part of the Combined Document is the required Report of Fair Market Value of Qualified New and Previously Existing Personal Property. Taxpayers will begin by answering four questions regarding IFT’s, PA 328 Exemptions, Renaissance Zones and MSF Resolutions.

Finally, the taxpayers will report the Acquisition Cost of EMPP for the “exempt” years (in 2018 this will include 2013, 2014, 2015, 2016 and 2017 and 2007 and prior), with an exception related to extended IFT’s and PA 328 exemptions which will be covered in detail in a later section.

If a taxpayer includes an incorrect certificate number in any of these sections, assessors are asked to contact the taxpayer to correct the filing and ensure proper reporting and transmittal of information to the State of Michigan.

Some taxpayers may file Form 5278 when they have no property that is required to be reported on Part 3. This may be done in an effort to provide information to the assessor that this property qualifies for the exemption and will be subject to ESA at some future date. To that end, a checkbox has been included at the top of Part 3 for those taxpayers to indicate they have no current ESA liability for the personal property reported on the form.

Assessors are asked to review the following specific information in Part 3:

- IFT Certificate Number to ensure that is a valid certificate number, related to personal property within your local unit. Additionally, the format of the number must be verified to ensure it is in the correct format. IFT certificate numbers should follow the format of Year (4 digits) – Number (3 digits). Some certificate may end with a letter, but not all will contain this alpha character. Example Certificate Number: 2012-177.

Assessors are also asked to verify the certificate begin and end date. As will be covered in a later section, the ESA Tax is reduced for some specific IFT certificates. The determination of qualification for that reduction is based on the effective dates of the certificate. Taxpayers are instructed to attach a copy of their certificate to make verification of this information easier for assessors.

- PA 328 Certificate Number to ensure that is a valid certificate number, related to personal property within your local unit. Additionally, the format of the number must be verified to ensure it is in the correct format. PA 328 certificate numbers should follow the format of Number (3 digits) - Year (4 digits). Example Certificate Number: 159-2012.

Assessors are also asked to verify the certificate begin and end date. Taxpayers are instructed to attach a copy of their certificate to make verification of this information easier for assessors.

- MSF Certificate for Alternative ESA to ensure that is a valid certificate number, related to personal property within your local unit. Additionally, the format of the number must be verified to ensure it is in the correct format. MSF Alternative ESA certificate numbers should follow the format of Year (4 digits) – Number (3 digits). Example Certificate Number: 2016-001.

Assessors should note that MSF Certificates for Alternative ESA will be issued beginning in 2016. The certificate is not effective for Alternative ESA until the year following the issuance. Therefore, in 2018 only those certificates issued in 2016 or 2017 will qualify for Alternative ESA.

Assessors are also asked to verify the certificate begin and end date. Taxpayers are instructed to attach a copy of their certificate to make verification of this information easier for assessors.

- Assessors are asked to verify the Renaissance Zone name and Expiration Date to ensure that both are correct and that the information entered reflects a valid Renaissance Zone related to personal property within your local unit.
- Assessors should review the information regarding the acquisition cost and years placed in service, comparing this information to what has been previously filed by this taxpayer on their personal property statement. If the information filed on the Combined Document does not correspond with information previously filed, the assessor should contact the taxpayer to discuss the information filed to ensure the information filed on the Combined Document is accurate.

Transmitting Information to the State of Michigan:

Following review and verification, assessors are required to enter the information contained on Form 5278 into their computer assisted mass appraisal (CAMA) software. All information contained on the Form should be entered into the CAMA software, as submitted by the taxpayer or as amended after discussions with the taxpayer as referenced above.

Assessors should double check to ensure accuracy of the data entered, specifically: FEIN, Parcel Number, Taxpayer Name, Certificate Numbers and Acquisition Cost.

Assessors are statutorily required to transmit the information contained in the Combined Document no later than April 1 each year.

Information will be provided to assessors annually on how the information contained in Form 5278 is to be transmitted to the State of Michigan via the CAMA software. Information will also be provided annually to those assessing officers who do not use CAMA software on how to transmit Form 5278 directly to the State of Michigan.

Common Errors:

1. Skipping a line when entering acquisition cost. For example, entering 2014 values in 2015, 2013 in 2014, etc. Assessors should be mindful of the inclusion of the Construction in Progress line, which is not present on the 632 and has resulted in many instances of misreported acquisition costs.

2. Missing information that was reported on Form 5278 when transmitting the information to the Department of Treasury. If the information has been included on the Form 5278, it should be forwarded.
3. Failing to submit the information from Form 5278 to the Department of Treasury or failing to timely submit the information from Form 5278 to the Department of Treasury. Filing Form 5278 is just part of the EMPP exemption, taxpayers have to pay ESA and in order to generate a statement the assessor must timely transmit the information to the Department of Treasury *as required by statute (MCL 211.9m(2)(f))*.
4. The parcel entered by the taxpayer in MTO or e-file does not match the parcel number submitted by CAMA software, requiring the taxpayer to reference previous personal property assessment notices or to contact the assessor. Taxpayers are unable to register for MTO if the number entered does not match exactly what was reported by the assessor in their CAMA software.
5. Taxpayer must enter the parcel number in the exact format utilized by and uploaded through the CAMA software. If the taxpayer reports dashes or spaces or differently that is entered in the CAMA software, the taxpayer will encounter difficulties when they try to register to view their statement in MTO.
6. Incorrect FEINs. FEINs are nine digits long in the format XX-XXXXXXX (entered into CAMA software without the dash). If a taxpayer submits Form 5278 with an FEIN that is longer or shorter, the assessor should contact the taxpayer to obtain the correct FEIN.
7. Changing values reported by the taxpayer in Part 3. While assessors should verify that the value entered in Part 3 correspond to prior year reporting, it is important that those values are not changed without notification to and discussion with the taxpayer. Taxpayers are able to update these values themselves when logging into MTO. If the assessor changes values without taxpayer notification and input, it may cause a problem with the taxpayer gaining access to their electronic statement.
8. Reporting incomplete 5278s to the Department of Treasury. Missing fields sometimes affect Treasury's ability to generate a statement. For example, if there is no FEIN, the department cannot apply a parcel to a taxpayer's account. As a reminder, taxpayers can amend an incomplete 5278 by appealing an assessor's denial of the Form when it is once filed. If a taxpayer does not appeal the denial of an incomplete form, there is no recourse available to grant the EMPP.
9. Reporting values in the wrong *part* of Form 5278. Property placed in service in 9m/9n years (and any property subject to an extended IFT or P.A. 328) is reported in Part 3. Property placed in service during phase-in years is reported in Part 2.

10. Reporting values for the same year in *both parts* of Form 5278, unless that property is subject to an extended IFT. In effect, this will result in a taxpayer being taxed at both the local and state levels for the same property. Taxpayers with an extended IFT pay both the IFT Specific Tax and the ESA Specific Tax, therefore they are required to report values in both Parts 1 and 2 of the form.
11. Incorrect certificate format. Assessors should verify that the certification number is valid, entered into the correction section (IFT in IFT and 328 in 328) and the correct format is used: IFT is YYYY-### and 328 is ###-YYYY.

Denials, Appeals, Amended Forms, Misplaced/Missed Forms, Late Filings and the 154 Process

The appeal and denial process for the exemption is detailed in MCL 211.9m:

The combined document prescribed in this section, shall be completed and delivered to the assessor of the township or city in which the qualified new personal property is located by February 20 of each year. However, if February 20 of a year is a Saturday, Sunday, or legal holiday, the delivery deadline for that year is the next day that is not a Saturday, Sunday, or legal holiday. For purposes of a combined document delivered by the United States Postal Service, the delivery is timely if the postmark date is on or before the delivery deadline prescribed in this subdivision. If the combined document prescribed in this section is not timely delivered to the assessor of the township or city, a late application may be filed directly with the March board of review before its final adjournment by submitting the combined document prescribed in this section. The board of review shall not accept a filing after adjournment of its March meeting. An appeal of a denial by the March board of review may be made by filing a petition with the Michigan tax tribunal within 35 days of the denial notice.

If the assessor of the township or city believes that personal property for which the form claiming an exemption is timely filed each year under subsection (2)(c) is not qualified new personal property or the form filed was incomplete, the assessor may deny that claim for exemption by notifying the person that filed the form in writing of the reason for the denial and advising the person that the denial shall be appealed to the board of review under section 30 by filing a combined document as prescribed under subsection (2). If the denial is issued after the first meeting of the March board of review that follows the organizational meeting, the appeal of the denial is either to the March board of review or the Michigan tax tribunal by filing a petition and a completed combined document as prescribed under subsection (2), within 35 days of the denial notice. The assessor may deny a claim for exemption under this subsection for the current year only. If the assessor denies a claim for exemption, the assessor shall remove the exemption of that personal property and amend the tax roll to reflect the denial and the local treasurer shall within 30 days of the date of the denial issue a corrected tax bill for any additional taxes.

Let's review in detail each component of the statutory requirement.

First, if an assessor believes that a property does not qualify for the exemption or if the form is filed incomplete, then the assessor must deny that claim for exemption. As discussed earlier, if a form is filed without the FEIN, taxpayer name, parcel number or if it was not signed and dated, then the form is not considered fully complete and should be denied. However, the STC strongly recommends that assessors communicate with taxpayers who have not fully completed Form 5278 in an effort to obtain the missing information before issuance of a denial.

Denials are issued for the current year only. Denials must be issued in writing and should be issued as soon as possible in order to afford the taxpayer all available rights of appeal.

If the written denial is issued prior to the first meeting of the March Board of Review that follows the organizational meeting, the taxpayer must appeal to the March Board of Review by filing a completed Combined Document (Form 5278).

If the written denial is issued by the assessor after the first meeting of the March Board of Review that follows the organizational meeting, then the taxpayer may appeal to the March Board or they may appeal directly to the Michigan Tax Tribunal. Taxpayers would appeal directly to the Michigan Tax Tribunal by filing a petition within 35 days of the issuance of a denial.

March Board of Review Authorities:

The March Board of Review has the authority to hear the denial of an exemption by the assessor or to review a late filed Form 5278. This also includes denial due to the filing of an incomplete Form 5278. If the taxpayer presents a fully completed Form 5278 to the March Board of Review and the Board believes the property meets the exemption requirements, then the Board may grant the exemption, again this includes a late filed form.

The March Board of Review also has the authority to review and accept an amended filing by the taxpayer as long as the taxpayer properly claimed the exemption by timely and completely filing Form 5278.

Finally, taxpayers who do not timely file by February 20th may claim the exemption by filing directly with the March Board of Review. The March Board of Review should grant the exemption if the taxpayer meets all other statutory requirements.

Late filing with the March Board of Review may require an in-person appearance by the taxpayer or their representative. Taxpayers should contact the local unit where the personal property is located for more information. MCL 211.30 indicates:

A **nonresident taxpayer** may file his or her appearance, protest, and papers in support of the protest by letter, and his or her personal appearance is not required.

The governing body of the township or city may authorize, by adoption of an ordinance or resolution, a **resident taxpayer** to file his or her protest before the board of review by letter without a personal appearance by the taxpayer or his or her agent. If that ordinance or resolution is adopted, the township or city shall include a statement notifying taxpayers of this option in each assessment notice under section 24c and on each notice or publication of the meeting of the board of review.

If the March Board of Review approves the exemption, the Board is statutorily required to remove the personal property from the assessment roll and the Board of Review shall file an affidavit with the proper officials involved in the assessment and collection of taxes and all affected official records shall be corrected.

Taxpayers appeal a denial by the March Board of Review directly to the Michigan Tax Tribunal.

July or December Board of Review Authorities:

The July and December Boards of Review have no authority over the exemptions in MCL 211.9m or MCL 211.9n.

If an assessor misplaces or missed a timely filed Form 5278, that is not considered a clerical error or mutual mistake and cannot be considered by the July or December Board of Review.

A taxpayer who filed Form 632 and later believe they qualify for the exemption cannot appeal to the July or December Board of Review. Failure to properly claim the exemption is not a qualified error under MCL 211.53b.

Amended Forms:

Assessors are encouraged to work with taxpayers regarding any missing information on Form 5278 and any concerns that the assessor may have regarding the accuracy of reported acquisition cost.

An assessor may accept an amended form from a taxpayer up until they turn their assessment roll over to the March Board of Review.

The March Board of Review also has the authority to review and accept an amended filing by the taxpayer as long as the taxpayer properly claimed the exemption by timely and completely filing Form 5278.

Misplaced or Missing Forms:

The ESA unit is frequently contacted by taxpayers who, once they log into their electronic statement, find a parcel or parcels missing for which they timely and completely filed Form 5278 with the proper local unit. When contacted, the assessor may determine that the Form was timely filed but was misplaced or is missing.

The assessor has no authority following submission of their assessment roll to the March Board of Review to grant the exemption. At the point that the taxpayer timely filed for the exemption and the assessor did not change their assessment roll to reflect that exemption, the assessor has effectively denied the exemption and the taxpayer should appeal to the Michigan Tax Tribunal.

Late Filed Forms:

Taxpayers claim the exemption by filing Form 5278 *Combined Document* with the local unit where the personal property is located no later than February 20th. The February 20th date will move to the next business day when February 20th falls on a weekend or a holiday, postmark is acceptable.

Forms that are received or postmarked after the due date should not be accepted, however the taxpayer should immediately be notified that they may file directly with the March Board of Review to claim the exemption (see March Board of Review authorities on page 16). If the taxpayer meets all other statutory requirements for the exemption, the Board of Review should grant the exemption.

MCL 211.154 Petitions

The MCL 211.154 process can be used in a few limited instances to correct issues with Part 2 (Ad Valorem) Reporting from Form 5278.

The first situation is to correct an error in failing to extend an IFT Certificate. MCL 207.561a indicates in part:

If a facility was subject to an industrial facilities exemption certificate on or after December 31, 2012, notwithstanding any other provision of this act to the contrary, that portion of the facility that is eligible manufacturing personal property shall remain subject to the industrial facilities tax and shall remain exempt from ad valorem property taxes as provided in section 8 until that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under section 9m, 9n, or 9o of the general property tax act.

Following statute, the assessor should have extended any IFT that was in effect on or after December 31, 2012 and would expire before the personal property on that IFT becomes exempt under MCL 211.9m or MCL 211.9n. For example: An IFT was approved effective December 31, 2007 with an expiration date of December 30, 2017. The personal

property was placed in service in 2008 and 2009. Because personal property placed in service in 2009 will not be exempt until 2020, the IFT will be extended from 2017 until 2020.

The second situation is when an assessor extended an IFT Certificate under the presumption that the taxpayer was going to claim the exemption, however the taxpayer does not file Form 5278 to claim the exemption.

Example: An IFT was approved effective December 31, 2010 with an expiration date of December 30, 2014. The personal property was placed in service in 2010. Because personal property placed in service in 2010 will not be exempt until 2021, the assessor extended the IFT from 2014 until 2021. The taxpayer filed Form 5278 in both 2016 and 2017 but, did not file in 2018 to claim the exemption. At that point, the assessor is placed on notice that the IFT should not have been extended and should place the property on the Ad Valorem roll for the 2018 year.

The third situation is when a change is made in Part 3 of the ESA statement that would affect the Ad Valorem reporting in Part 2 of the statement. This may occur because the information transmitted to the Department included years that do not qualify for exemption under 9m or 9n – in which case a *Combined Document (Form 5278) Reporting Error* will be issued upon ESA Statement generation – or if the taxpayer removes from their ESA Statement, value for property placed in service during the non-eligible years.

Example: A taxpayer logs into MTO in 2018 and realizes they accidentally reported 2008 and 2009 personal property in Part 3 on the 2015 line. They make the change in MTO to reduce the 2015 line in Part 3. A notice is sent to the assessor after September 15th, indicating the taxpayer reduced their Part 3 filing and why. The assessor should immediately file a MCL 211.154 petition to return the 2008 and 2009 property to the Ad Valorem roll for the 2018 year. **Please note:** the July and/or December Boards of Review would no authority to make the change to the 2018 roll.

More information on the MCL 211.154 Petition process is available at www.michigan.gov/taxes.

Essential Services Assessment (ESA)

The Essential Services Assessment (ESA) is a state-specific tax on *eligible personal property* owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year. MCL 211.1055(2). Essentially, ESA is a specific tax replacement for the Ad Valorem personal property tax for exempt personal property.

As indicated in the statutory definition, personal property subject to ESA is defined as *eligible personal property*. Eligible personal property means all of the following:

- Personal property exempt under MCL 211.9m or MCL 211.9n.

- Personal property exempt under MCL 211.9f (328 Exemption) approved after 2013, unless both of the following conditions are satisfied:
 1. The application for the 328 exemption under MCL 211.9f was filed before August 5, 2014, and
 2. The resolution approving the exemption states that the project is expected to have total new personal property of over \$25 million within 5 years of the adoption of the resolution by the local assessing district or the Next Michigan Development Corporation.
- Personal property subject to an extended Industrial Facilities Exemption Certificate under MCL 207.561a (IFT Exemption).
- Personal property subject to an extended exemption under MCL 211.9f(8)(a) (328 Exemption).

The calculation of the ESA specific tax is relatively simple. MCL 211.1055 indicates:

1. Beginning January 1, 2016, the state essential services assessment is levied on all eligible personal property as provided in this section.
2. The assessment under this section is a state specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year and shall be calculated as follows:
 - a. For eligible personal property acquired by the first owner in a year 1 to 5 years before the assessment year, multiply the acquisition cost of the eligible personal property by 2.4 mills.
 - b. For eligible personal property acquired by the first owner in a year 6 to 10 years before the assessment year, multiply the acquisition cost of the eligible personal property by 1.25 mills.
 - c. For eligible personal property acquired by the first owner in a year more than 10 years before the assessment year, multiply the acquisition cost of the eligible personal property by 0.9 mills.

The statute does contain some reductions in the ESA specific tax in certain circumstances:

1. The acquisition cost reported is reduced for EMPP subject to **IFT Certificates** that were in effect before January 1, 2013. Specifically, this eligible personal property that is exempt under MCL 211.9m or MCL 211.9n and was previously subject to the IFT certificate, will pay the ESA Specific Tax at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate

expires. More specific information will be provided on IFT certificates later in this Guide.

2. Personal Property located in a **Renaissance Zone** is 100% exempt (the acquisition cost is zero) from ESA until the three (3) years immediately preceding the expiration of the exemption of that personal property. During the last 3 years, the acquisition cost of the personal property in a Renaissance Zone is multiplied by the percentage reduction as outlined by MCL 125.2689:
 - a. For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.
 - b. For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.
 - c. For the tax year that is the final year of designation as a renaissance zone, the percentage shall be 75%.
3. MCL 211.1071 provides that the Michigan Strategic Fund Board (MSF) may adopt a resolution to exempt from the assessment eligible personal property and either make the property subject to the **Alternative ESA** (P.A. 93 of 2014, as amended) or to exempt the property from both ESA and the Alternative ESA. Like ESA, the Alternative Essential Services Assessment is a state-specific tax on the eligible personal property owned by, leased to, or in the possession of an eligible claimant on December 31 of the year immediately preceding the assessment year.

An eligible claimant may be exempt from ESA and would instead qualify for the Alternative Essential Services Assessment if the board of the Michigan Strategic Fund adopts a resolution to exempt the eligible claimant from ESA and instead states the eligible personal property is subject to assessment under the Alternative Essential Services Assessment.

The Alternative Essential Services Assessment is calculated by multiplying the acquisition cost of the eligible personal property by the following millage based upon the year the property was placed into service:

- Multiply the acquisition cost by 1.2 mills if the property was placed into service 1 to 5 years before the assessment year
- Multiply the acquisition cost by 0.625 mills if the property was placed into service 6 to 10 years before the assessment year
- Multiply the acquisition cost by 0.45 mills if the property was placed into service more than 10 years before the assessment year

An eligible claimant must present a business plan or demonstrate that a minimum of \$25,000,000.00 will be invested in additional eligible personal property in this state during the duration of the written agreement.

Statute also requires that the MSF Board consider the following criteria when approving an exemption:

- a. Out-of-state competition.
 - b. Net-positive return to this state.
 - c. Level of investment made by the eligible claimant.
 - d. Business diversification.
 - e. Reuse of existing facilities.
 - f. Near-term job creation or significant job retention as a result of the investment made in eligible personal property.
 - g. Strong links to Michigan suppliers.
 - h. Whether the project is in a local unit of government that contains an eligible distressed area as that term is defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.
4. The Department may provide guidelines for circumstances in which the actual acquisition price is not determinative of acquisition cost and the basis of determining acquisition cost in those circumstances.

When the acquisition cost, year of acquisition by the first owner, or both are unknown, the Department may provide guidelines for estimating the acquisition cost and year of acquisition by the first owner. The Department may issue guidelines that allow for the reduction of acquisition cost for property that is idle, is obsolete or has material obsolescence, or is surplus.

To date, the Department has not issued guidance in these areas.

5. Beginning with the 2017 assessment year, for property that is **construction in progress**, "acquisition cost" means 1/2 of the fair market value at the time *acquired* by the first owner, including the cost of freight, sales tax, and installation.

In terms of reporting for ESA purposes, for property that is construction in progress, "acquired by" in the preceding definition, means the year the property is first reported on the Combined Document in Part 3.

ESA Due Dates:

An eligible claimant is required to make payment in full, by using MTO or Electronic Funds Transfer (EFT) credit, by August 15 without penalty. Payments **cannot** be mailed to the Department of Treasury, any funds received via check will be refunded and not applied to the ESA account.

An eligible claimant who fails to submit a certified statement and electronically pay ESA in full via MTO or e-file by August 15 shall be subject to late penalty, assessed by the Department, at a rate of 3% per month or part of a month, up to a maximum of 27%, of the total amount due and unpaid.

For an eligible claimant's first assessment year, the penalty is waived by the Department if the statement is certified and full payment is submitted by September 15.

Eligible claimants who fail to submit a certified statement and pay ESA liability and late payment penalty in full by April 15th of the year immediately following the assessment year via MTO or e-file are subject to rescission of their eligible manufacturing personal property tax exemption. Should the eligible manufacturing personal property tax exemption be rescinded on property subject to an extended IFT or extended PA 328 exemption, the extended IFT or PA 328 exemption will be rescinded by the State Tax Commission.

If an ESA due date falls on a weekend or state holiday, the date will **not** change.

ESA Electronic System to Certify and Pay:

Once an eligible claimant has properly claimed the eligible manufacturing personal property tax exemption by filing the Form 5278 with the local unit assessor no later than February 20th and the assessor has transmitted the information contained in Form 5278 to the Michigan Department of Treasury, the Department of Treasury will create an *Electronic ESA Statement (Statement)* from the information contained in Form 5278. That *Statement* will be made available through Michigan Treasury Online (MTO) not later than May 1. Statements are not made available via paper form and are not sent directly to taxpayers.

Eligible claimants are statutorily required to submit a certified *Statement* either through MTO or through e-File (paper *Statements* are not available and paper *Returns* are not accepted). Prior to certifying the ESA Statement, a taxpayer may amend a return through MTO or e-File. Returns can only be amended up to and until September 15 of the tax year. Examples of amending returns include but are not limited to: adding a parcel, removing a parcel, changing the values reported from Part 3 of Form 5278 or correcting an incorrect certificate number.

Eligible claimants or their authorized preparer must utilize MTO to view their *Statement*, view correspondence from Treasury, make changes to their *Statement*, certify their *Statement* and pay the ESA tax. The Department will not send copies of any ESA Statement by mail or electronically.

An eligible claimant is required to make payment in full, by using MTO, Electronic Funds Transfer (EFT) credit, or via e-File by August 15 without penalty. Check payments **cannot** be mailed to the Department of Treasury. ESA payments received by mail will not be applied to the ESA account but refunded to the taxpayer.

ESA Letters to Assessors:

The ESA System will automatically generate copies to assessors of letters sent to taxpayers when a taxpayer makes a change to certain information in the system, including

when a parcel is added or removed from a taxpayer's filing or when a certification (IFT, PA 328, MSF) or renaissance zone is added or removed because the certificate is not valid or has been entered incorrectly.

A Summary of Change letter is issued to all assessors in local units of government in which EMPP was claimed once the September 15th deadline to amend certified ESA statements has passed. This summary includes detailed information as to individual years that have been removed from any ESA Statement.

These letters are sent to ensure that assessors have all available information to guarantee proper ad valorem personal property taxation. Assessors have no authority, nor do they have any responsibility, to use the MTO system to make corrections to any item for taxpayers. Taxpayers alone have authority to update their statements in response to letters. Assessors are only required to ensure their personal property tax roll is correct. Please see the section on MCL 211.154 Petitions above.

If assessors are concerned that a taxpayer's ESA Statement contains incorrect information or should be reviewed by the Department, they should submit their concerns *in writing* to the Department who may review the account.

Rescissions and Appeal Rights:

Assessors will also receive a copy of the rescission when one is issued to the taxpayer by the Department of Treasury

Statute requires that, for any assessment year in which a taxpayer does not submit payment of ESA liability and any late payment penalty due in full by April 15th of the year immediately following the assessment year, the Department of Treasury rescind the EMPP exemption on that parcel(s). The Department must rescind the exemption no later than the first Monday in June following the April 15th deadline.

In addition to rescinding the EMPP exemption, the Department will also ask the STC to revoke any exemption under section 9f of the general property tax act which was approved after 2013, any extended exemption for eligible personal property under section 9f(8)(a) and any exemption for eligible personal property subject to an extended industrial facilities exemption certificate under MCL 211.561a.

After the Department rescinds the exemption, the taxpayer, assessor, and treasurer will be notified that the exemption has been rescinded. The taxpayer will be notified that they must file with the assessor of the Township or City within 30 days of the date of the rescission a personal property statement (Form 632), for all property for which the exemption has been rescinded.

Assessors must ensure that they correct their assessment roll to return the personal property to the Ad Valorem roll. It is **not necessary** for an assessor to take this matter

to any Board of Review; the determination of the Department is the necessary authority to correct the assessment roll.

Within 60 days of the date of the rescission, the treasurer of the local tax collecting unit shall issue amended tax bills for any taxes, including penalty and interest, that were not billed under the general property tax act and that are owed as a result of the order of rescission.

An eligible claimant may appeal a rescission by filing a petition with the MTT not later than December 31 of the year in which the rescission was issued.

An eligible claimant may appeal a rescission, as a result of an audit by filing a petition with the MTT within 30 days of the date of that assessment's issuance.

An eligible claimant may appeal an assessment levied or a late payment penalty to the MTT by filing a petition not later than December 31 of the year in which the assessment was levied, or the late payment penalty applied.

An eligible claimant may appeal an assessment issued, including penalties or interest as a result of an audit conducted by filing a petition with the MTT within 30 days of the date of that assessment's issuance.

Key Things Assessors Need to Know About ESA:

- ESA is a specific tax replacement for Personal Property Tax for Eligible Personal Property.
- The specific tax is calculated based upon the year of acquisition **by the first owner**.
- ESA is reduced under specific circumstances for certain property, including certain IFT property, property in renaissance zones, property subject to Alternative ESA by the MSF and for construction in progress (CIP).
- Most taxpayers will continue to pay Ad Valorem and/or IFT taxes and will also pay the ESA specific tax until the phase out is complete in 2023.
- ESA has specific statutory dates for taxpayers to certify their ESA statement and make payment using the on-line ESA system.
- Failure to meet the ESA due dates will result in rescission of the exemption and require the assessor to return the personal property to the local personal property roll and for local unit Treasurers to bill the taxpayer for those local property taxes.
- Appeal of rescissions or the ESA tax levied are to the MTT.
- Assessors will receive copies of notification letters for changes made in the ESA system. These letters are to help assessors ensure proper local Ad Valorem and/or IFT taxation.
- Assessor will receive a Summary of Changes letter after the filing deadline has passed, detailing relevant changes to the ESA statement.
- Assessors will also receive copies of rescissions issued by the Department.

Special Circumstances:

Assessors need to be aware of several special circumstances that may affect both the Ad Valorem and ESA filings for taxpayers.

- 1. Renaissance Zones:** As indicated in P.A. 92, the acquisition cost for personal property exempt under the Michigan renaissance zone act is \$0.00 except for the 3 years immediately preceding the expiration of the exemption of that personal property, during which period of time the acquisition cost for that personal property means the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest, multiplied by the percentage reduction in the exemption as provided in section 9(3) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2689.

Additionally, P.A. 92 indicates: For eligible personal property exempt under the Michigan Renaissance Zone Act, 1996 PA 376, MCL 125.2681 to 125.2696, an eligible claimant shall report the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, installation, and other capitalized costs, except capitalized interest.

Taxpayers were advised of the following for 2016 Renaissance Zone Eligible Manufacturing Personal Property (RZ EMPP) Reporting:

- If all the RZ EMPP was first placed in service in 2006 – 2012 and is not subject to an extended IFT or PA 328 exemption, we recommend they file Form 632, the personal property statement until the property becomes exempt under MCL 211.9m or MCL 211.9n. At that time, the taxpayer will file Form 5278.
- If the RZ EMPP is not subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2006 or after 2012 and in 2006-2012, taxpayers will file Form 5278.
- If the RZ EMPP is subject to an extended IFT or PA 328 exemption and if all the RZ EMPP was first placed in service in 2006 – 2012, taxpayers will file Form 5278.
- If the RZ EMPP is subject to an extended IFT or PA 328 exemption and the RZ EMPP was first placed in service before 2006 or after 2012 and in 2006-2012, taxpayers will file Form 5278.
- If all the RZ EMPP was first placed in service before 2006 or after 2012, taxpayers will file Form 5278.

A company who resides in a Renaissance Zone, that properly and timely files a Form 5278 for their EMPP first placed in service before 2006 or after 2012 (exempt under 211.9m or 211.9n) will be exempt from all millages and exempt from ESA unless the Renaissance Zone is in the 3-year phase-out period.

Taxpayers filing Form 5278 for RZ EMPP have been asked to fill in the acquisition cost, meaning the fair market value of that personal property at the time of acquisition by the first owner, including the cost of freight, sales tax, and installation, and other capitalized costs, except capitalized interest. The ESA system will calculate the appropriate percentage reduction for that RZ EMPP Property, including a 100% reduction for property not in the 3-year phase-out period.

- 2. Leased Personal Property:** Leasing companies are not eligible to receive the EMPP exemption and may not use the Combined Document. However, MCL 211.9m does provide for lessees and lessors to make an election to allow the lessee to report the personal property under a lease agreement and pay the Ad Valorem and any ESA specific tax on that property. Specifically, MCL 211.9m indicates:

With respect to personal property that is the subject of a lease agreement, regardless of whether the agreement constitutes a lease for financial or tax purposes, all of the following apply:

- (i) If the personal property is eligible manufacturing personal property, the lessee and lessor may elect that the lessee report the leased personal property on the combined document.
- (ii) An election made by the lessee and the lessor under this subdivision shall be made in a form and manner approved by the department.
- (iii) Absent an election, the personal property shall be reported by the lessor on the personal property statement unless the exemption for eligible manufacturing personal property is claimed by the lessee on the combined document.

The Department has designed Form 5467, Election of Lessee Report of Eligible Manufacturing Personal Property, which will be filed with Form 5278 when the lessee and lessor elect for the lessee to report the personal property. This form will include all parcels statewide for which the election is being made for a specific lessee and lessor. That list will be attached to each Form 5278 filed where the election has been made. The form will also include the lease agreement expiration date, so the assessor knows when the lease agreement ends.

The election will remain in place until rescinded by the lessee or lessor. The list of parcels/lease agreements will be updated annually and attached to Form 5278 for each election made.

3. **P.A. 328:** How P.A. 328 (MCL 211.9f) property is treated with the changes to the personal property tax can be confusing. MCL 211.9f(8) indicates:

Notwithstanding any other provision of this section to the contrary, if new personal property exempt under MCL 211.9f on or after December 31, 2012 is eligible manufacturing personal property, that eligible manufacturing personal property shall remain exempt under this section until the later of the following:

- (a) The date that eligible manufacturing personal property would otherwise be exempt from the collection of taxes under this act under section 9m, 9n, or 9o.
- (b) The date that eligible manufacturing personal property is no longer exempt under the resolution adopted under subsection (1).

Simply put: Eligible Manufacturing Personal property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until whichever of the following is later:

- a. The personal property is exempt under MCL 211.9m, 9n or 9o
- b. The P.A. 328 exemption expires.

The definition of new personal property under P.A. 328 does not include EMPP for a resolution adopted after December 31, 2014.

Please note, an extension of the P.A. 328 Certificate until the personal property is exempt under MCL 211.9m, 9n or 9o does not allow for the continued addition of new personal property to the P.A. 328 exemption.

Example 1: (Non-Extended P.A. 328)

A P.A. 328 exemption was approved in 2000 and effective for 2001 through 2030 (expires 12/30/30). The personal property is Eligible Manufacturing Personal Property (EMPP).

The exemption does not need to be extended because the exemption is valid until 2031.

The personal property will remain exempt under P.A. 328 until 2031 and will not be subject to the Essential Services Assessment (ESA) until 2031. The taxpayer is not required to file Form 5278 until 2031 when the property is no longer exempt under P.A. 328.

Example 2: (Extended P.A. 328)

A P.A. 328 exemption was effective 12/31/2012 and expires on 12/30/20. The personal property was placed in service in 2011, 2012, 2013 and 2014. The personal property is Eligible Manufacturing Personal Property (EMPP).

The law will extend the P.A. 328 exemption from Ad Valorem assessment through 2023. Property placed in service in 2012 will be considered eligible personal property in 2023 under MCL 211.1053(e)(i).

Beginning in 2021, the year following the original certificate expiration date, the property will pay the full Essential Services Assessment (ESA).

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022	TY 2023
2011	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA
2012	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA
2013	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA
2014	328	328	328	328	328	Ext 328 - Full ESA	Ext 328 - Full ESA	9N - Full ESA

Example 3: (Extended P.A. 328 – Complex Example)

A P.A. 328 exemption was effective 12/31/2007 and expires 12/30/15. The personal property was placed in service in 2006, 2007, 2008 and 2009. The personal property is Eligible Manufacturing Personal Property (EMPP).

Eligible Manufacturing Personal property (EMPP) that was subject to a P.A. 328 exemption on or after December 31, 2012 but before December 31, 2014, shall remain exempt until the later of the following:

- The personal property is exempt under MCL 211.9m, 9n or 9o
- The P.A. 328 exemption expires.

The P.A. 328 exemption was in effect on or after December 31, 2012. Therefore, the exemption is extended until 2020, when the property placed in service in 2009 becomes exempt. The property shall remain exempt from Ad Valorem taxation under P.A. 328 until the personal property is exempt under MCL 211.9m, 9n or 9o.

This property will be subject to the full payment of the Essential Services Assessment (ESA) because MCL 211.1053 defines eligible personal property (which is property subject to pay the ESA) as both EMPP that is subject to an extended exemption under MCL 211.9f(8)(a) and EMPP exempt under MCL 211.9m or 9n.

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020
2006	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA
2007	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA
2008	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA
2009	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	EXT 328 - Full ESA	9N - Full ESA

P.A. 328 Additional Information: The full ESA must be paid for all P.A. 328 exemptions approved in 2014 unless the application was filed before August 5, 2014 and the resolution approving the exemption projected costs to be at least \$25 million. The taxpayer will fill out Form 5278 Part 3.

4. IFT (P.A. 198 Exemptions): How IFT (P.A. 198) property is treated with the changes to the personal property tax is one of the more complex and confusing parts of the statutory changes. Discussions regarding the treatment of IFT property begins with the taxpayer answering two questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013?
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and therefore was extended under the provisions of MCL 207.561a?

Simply put, if the answer is yes to question 1, then property exempt under MCL 211.9m or MCL 211.9n will pay the ESA Specific Tax at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) until that IFT Certificate expires.

If the answer is yes to question 2, the IFT certificate may qualify to be extended and not expire until all the property covered under that IFT certificate is exempt under MCL 211.9m and MCL 211.9n. To be extended, it is necessary for the taxpayer to annually report EMPP subject to the IFT certificate by filing Form 5278. Failure to file Form 5278, failure to report EMPP subject to the IFT certificate that is not yet exempt under 9m or 9n, or rescission of the EMPP exemption on the parcel disqualifies an IFT certificate from being extended. Once the certificate expires, then the property will pay ESA on the full Acquisition Cost.

How does an assessor or taxpayer determine if an IFT certificate can or should be extended? That can be answered by asking a few simple questions:

1. Was the IFT certificate in effect **on or after December 31, 2012?**

If yes, then the IFT certificate can be extended.

If no, the personal property should have been returned to the Ad Valorem roll upon expiration of the IFT certificate (see MCL 211.154 Petitions section

above. Depending on the year first placed in service, the property is reported in Part 2 (non-exempt) and Part 3 (exempt) of Form 5278.

2. Is the end date of the IFT certificate before or after the personal property is exempt under MCL 211.9m or MCL 211.9n? (See personal property phase out chart.)

If the end date of the IFT certificate is before the personal property is exempt under MCL 211.9m or MCL 211.9n, then the IFT certificate may qualify to be extended until the personal property is exempt under MCL 211.9m or MCL 211.9n if the EMPP exemption is annually claimed and not rescinded in any year.

If the end date of the IFT certificate is after the personal property is exempt under MCL 211.9m or MCL 211.9n, then the IFT certificate is not extended.

Example 1: (Extended IFT)

A six-year IFT Certificate was approved in 2010 and in effect for 2011 through 2016 (expires 12/30/16). The personal property under this certificate was placed in service in 2010 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2010 will become exempt under MCL 211.9n in 2021.

We will begin with two simple questions:

1. Is the property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is the property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, may be qualified to be extended under the provisions of MCL 207.561a? **Yes**

Because the answer to question 2 was Yes, the IFT Certificate may qualify to be extended in 2017, 2018, 2019, and 2020 under the provisions of MCL 207.561a if the EMPP exemption is annually claimed and not rescinded in any year.

During the extended term, the property remains subject to the IFT tax and will be reported in the appropriate table in Part 2 of the Form but beginning in 2016 will also be subject to the ESA Specific Tax and will also have to be reported in Part 3 of the Form.

However, because the answer to question 1 was Yes, in 2016, 2017, 2018, 2019, and 2020, the personal property will be subject to ESA at ½ the Fair Market Value at the time of acquisition by the first owner (MCL 211.1053a). Note: The Fair Market Value at the time of acquisition by the first owner should be reported at 100% on Form 5278; the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner (Acquisition Cost) will be calculated on the

statement subsequently filed with the Department of Treasury, not on Form 5278.

Since the property becomes exempt under MCL 211.9n in 2021 the property is now subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

Year Property First Placed in Service	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021
2010	EXT - IFT + 50% ESA	EXT - IFT + 50% ESA	EXT - IFT + 50% ESA	EXT - IFT + 50% ESA	9N - 1/2 ESA

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018
2007	EXT - IFT + 50% ESA	EXT - IFT + 50% ESA	Full ESA

Example 2: (Non Extended IFT)

A twelve year IFT Certificate was approved in 2009 and in effect for 2010 through 2021 (expires 12/30/21). The personal property was placed in service in 2009 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2009 will become exempt under MCL 211.9n in 2020.

Going back to our two simple questions:

1. Is the property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is the property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

The answer to question 2 is No, because the personal property covered under the IFT Certificate will become exempt under MCL 211.9n before the certificate was scheduled to expire. For 2016 through 2019 the personal property will be subject to the IFT Specific Tax and will be reported on Form 5278 Part 2 only and will not pay ESA Specific Tax.

However, because the answer to question 1 was Yes, the taxpayer will report the property on Part 3 starting in 2020. In 2020 and in 2021 the personal property is subject to the ESA Specific Tax at ½ the Fair Market Value at the time of acquisition by the first owner. **Note: In this case the assessor must retain the IFT parcel number until 2022 and not move the property to the Ad Valorem parcel for purposes of ESA reporting.**

Since the property is exempt under MCL 211.9m and 9n and the IFT Certificate that would have been in effect for the parcel has expired, in 2022 the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3.

Year Property First Placed in Service	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022
2009	IFT	IFT	IFT	IFT	1/2 ESA	1/2 ESA	Full ESA

Example 3: (New IFT)

A six year IFT Certificate was approved in 2013 and in effect for 2014 through 2019 (expires 12/30/19). The personal property was placed in service in 2013 and is Eligible Manufacturing Personal Property (EMPP). As a reminder, personal property that was first placed in service in 2013 will become exempt under MCL 211.9m in 2016. Going back to our two simple questions:

1. Is the property subject to an IFT Certificate that was in effect before January 1, 2013? **No**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, was extended under the provisions of MCL 207.561a? **No**

Because in 2016, EMPP first placed in service after 2012 is exempt, the IFT Certificate expires and the personal property is reported on Form 5278 Part 3.

Because the answer to question 1 was No, the personal property is subject to the ESA Specific Tax at the full Acquisition Cost.

Example 4: (Extended IFT – A Complex Example)

An IFT Certificate was approved in 2007 and in effect for 2008 through 2018 (expires 12/30/18). The personal property was placed in service in 2007, 2008, 2009 and 2010 and is Eligible Manufacturing Personal Property (EMPP). We will begin with our two simple questions:

1. Is my property subject to an IFT Certificate that was in effect before January 1, 2013? **Yes**
2. Is my property subject to an IFT Certificate which was in effect on or after December 31, 2012 and, therefore, may qualify to be extended under the provisions of MCL 207.561a? **Yes**

Because the answer to question 2 was Yes, the IFT Certificate may qualify to be extended in 2019 and 2020 under the provisions of MCL 207.561a if the EMPP exemption is annually claimed and not rescinded in any year. Because this is a complex example, we will go through the reporting year by year:

In 2018, the taxpayer will report the property placed in service in 2007 on Part 3 Section 2 of the form. Because the answer to question 1 was yes, the personal property will be subject to ESA at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2008, 2009 and 2010 in Part 2 of Form 5278 and this property will be subject to the IFT Specific Tax only.

In 2019, the taxpayer will report the property placed in service in 2007 and 2008 (combined under 2008 and prior) on Part 3 Section B of Form 5278. Because the answer to question 1 was yes, the personal property will be subject to ESA at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2009 and 2010 in both Part 2 and Part 3 Section B of Form 5278. This property will be subject to the IFT Specific Tax for 2009 and 2010 and one-half ESA for both years.

In 2020, the taxpayer will report the property placed in service in 2007, 2008 and 2009 (combined under 2009 and prior) on Part 3 Section B of Form 5278. Because the answer to question 1 was Yes, the personal property will be subject to ESA at $\frac{1}{2}$ the Fair Market Value at the time of acquisition by the first owner. The taxpayer will report the property placed in service in 2010 in both Part 2 and Part 3 Section B of Form 5278. This property will be subject to the IFT Specific Tax and one-half ESA for 2010.

Beginning in 2021 all the property is subject to the full ESA Specific Tax and reported on Form 5278 on Part 3 Section B.

Year Property First Placed in Service	TY 2018	TY 2019	TY 2020	TY 2021
2007	9N - 1/2 ESA	9N - 1/2 ESA	9N - 1/2 ESA	9N - Full ESA
2008	IFT	9N - 1/2 ESA	9N - 1/2 ESA	9N - Full ESA
2009	IFT	EXT - IFT + 50% ESA	9N - 1/2 ESA	9N - Full ESA
2010	IFT	EXT - IFT + 50% ESA	EXT - IFT + 50% ESA	9N - Full ESA

If, in some year after 2018, the taxpayer fails to file Form 5278 or the IFT certificate is revoked by the State Tax Commission, the IFT certificate expires on December 30 of the previous year. In that year and subsequent years, the IFT certificate will no longer be valid and therefore not receive any benefit under ESA.

Contact Information:

ESA:

Email: ESAQuestions@michigan.gov

Phone: 517-241-0310

Web: www.michigan.gov/esa (updated ESA Topics and FAQ's can be found on the ESA website)

State Tax Commission

Email: Statetaxcommission@michigan.gov

Phone: 517-335-3429

Local Unit Reimbursement Questions:

Email: TreasORTAPPT@michigan.gov

Phone: 517-373-2697

DRAFT

Michigan State Tax Commission

Audit of Minimum Assessing Requirements

AMAR Review Sheet

The State Tax Commission, per [MCL 211.10f](#), has jurisdiction to determine substantial compliance with the requirements of the [General Property Tax Act](#). The AMAR review reflects the minimum assessing requirements of a local unit of government based on statute and [STC Rules](#), Policy, Bulletins and [Publications](#). Local units of government that do not meet one or more of the minimum requirements must submit a corrective action plan detailing how and when the deficiencies will be resolved.

Failure to submit an acceptable corrective action plan, or failure to resolve the deficiencies as outlined within the corrective action plan that is approved by the State Tax Commission, will result in a determination of substantial non-compliance and may result in the State Tax Commission [assuming jurisdiction of the assessment roll](#) of the local unit of government. Failure to meet one or more of the minimum AMAR requirements does not automatically result in State Tax Commission [assumption of jurisdiction of the assessment roll](#).

Local Unit Background Information:

Year of Audit: _____ Name of Local Unit: _____ Name of County: _____
 Name of Assessor: _____ Assessor Certification Level: _____
 Name of Supervisor, City Manager or Mayor: _____ Title: _____
 Mailing Address for Supervisor, City Manager or Mayor: _____

What date did the assessor [certify the assessment roll](#)? _____

What is the Residential Coefficient of Dispersion ([COD](#)) for the local unit? _____

What is the Residential Price Related Differential ([PRD](#)) for the local unit? _____

Does the [L-4022](#) in possession of the local unit match the L-4022 in possession of the County Equalization Director and the information uploaded on the [L-4023](#) on the E-File Site?
 YES: _____ NO: _____

[MCL 211.7cc](#) requires interest at a rate of 1.25% per month or fraction of a month to be charged to the owner of property that has been issued a PRE denial notice. Upon collecting the interest, MCL 211.7cc also details the required distribution of the interest depending on the governmental unit that issued the denial notice. Was [Form 4142](#) completed and submitted to the Michigan Department of Treasury by a County, City or Township when the State's portion of PRE denial interest is remitted? YES: _____ NO: _____

Does the local unit have written procedures, including audit procedures, for determining how to grant real property exemptions or remove real property exemptions when the property no longer qualifies for the [exemption](#)? YES: _____ NO: _____

Does the local unit have accurate Land Value Maps that meet [State Tax Commission Land Value Map Publications](#)?

Requirement Met: YES: _____ NO: _____

Notes:

Assessment Roll Analysis:

1. Does the local unit have properly calculated and appropriately documented Economic Condition Factors that meet State Tax Commission requirements per [MCL 211.10e](#) and [STC ECF Publications](#)?

Requirement Met: YES: _____ NO: _____

Notes:

2. Does the local unit have Land Value Determinations that are appropriately documented, properly calculated and meet State Tax Commission requirements per [MCL 211.10e](#) and [State Tax Commission Land Value Determination Publications](#) and less than 1% land adjustments without reason?

Requirement Met: YES: _____ NO: _____

Notes:

4. Does the [true cash value](#) on the local unit record cards agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values – excluding DNR PILT Property (STC Policy)?

Requirement Met: YES: _____ NO: _____

Notes:

5. Personal Property Review:

- a) Does the local unit conduct an annual [personal property canvass](#)?

YES: _____ NO: _____

- b) Did the local unit grant any exemptions under [MCL 211.9o](#) (Small Business Taxpayer Exemption)?

YES: _____ NO: _____

- c) If the answer to item 5b is yes, does a sampling indicate the local unit properly processed the exemptions received? This includes: [Form 5076](#) filled out completely, timely received and received annually. If Form 5076 is not received the exemption is removed, parcel number created for any business that was granted an exemption, ensuring that a parcel with the exemption is not retired, all locations within the local unit are considered when granting the exemption.

Requirement Met: YES: _____ NO: _____

Notes:

6. Review of Exemptions Granted under [MCL 211.7u](#) (poverty exemptions)

- a) Did the local unit grant any exemptions under [MCL 211.7u](#) (Poverty Exemption)?

YES: _____ NO: _____

- b) Does the local unit have proper [poverty exemption guidelines](#)?

YES: _____ NO: _____

- c) Does the local unit poverty exemption guidelines include a proper [asset level test](#)?

YES: _____ NO: _____

- d) Does a sampling of the exemptions granted under MCL 211.7u indicate that the [statutory requirements](#) were met and that the [local unit policy](#) was followed?

Requirement Met: YES: _____ NO: _____

Notes:

7. Does a sample of the [July and December Board of Review](#) actions indicate the Board met the requirements of [MCL 211.53b](#) and considered only those items over which they have statutory authority?

Requirement Met: YES: _____ NO: _____

Notes:

8. Does the local unit follow the requirements under [MCL 211.27b](#) to levy the interest and penalty for failure to file a [Property Transfer Affidavit](#)? If waived did the local unit waive the interest and penalty by resolution and is that resolution kept on file?

Requirement Met: YES: _____ NO: _____

Notes:

Comments:

I hereby declare that the foregoing information submitted is a complete and true statement.

Signature

Date

☐ By checking this box, I agree and confirm that the signature I have typed above is the electronic representation of my original, handwritten signature when used on this document and creates a legally-binding contract. I further understand that signing this document using my electronic signature will have the same legally-binding effect as signing my signature using pen and paper.

**STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION**

OFFICIAL ORDER

Whereas, the State Tax Commission at its meeting on February 12, 2019 received a report regarding Sheridan Township, Newaygo County and

Whereas, the staff report indicated that the Sheridan Township 2018 December Board of Review granted a 2017 Principal Residence Exemption on parcel 62-17-15-400-025 and

Whereas, the Sheridan Township December Board of Review had no authority to grant a Principal Residence Exemption for the 2017 tax year, as the exemption for that same year had previously been denied by the Department of Treasury on November 6, 2017 and

Whereas, the assessor for Sheridan Township submitted a response to the staff inquiry indicating that both the assessor and Board of Review would be in agreement with the State Tax Commission overturning the Board of Review action to grant a 2017 Principal Residence Exemption and

Whereas, Michigan Compiled Law 211.10f(1) provides that "If a local assessing district does not have an assessment roll that has been certified by a qualified certified assessing officer, or if a certified assessor or a board of review for a local tax collecting unit is not in substantial compliance with the provisions of this act, the state tax commission shall assume jurisdiction over the assessment roll and provide for the preparation of a certified roll. The commission may order the county tax or equalization department to prepare the roll; may provide for the use of state employees to prepare the roll; or may order the local assessing unit to contract with a commercial appraisal firm to conduct an appraisal of the property in the assessing unit under the supervision of the county tax or equalization department and the commission. The costs of an appraisal and the preparation of the roll by the county tax or equalization department or by the commission shall be paid by the local assessing district as provided by section 10d (Michigan Compiled Law 211.10d). The commission shall consider the quality of the tax maps and appraisal records required by section 10e (Michigan Compiled Law 211.10e) as part of its investigation of the facts before ordering the local assessing unit to contract for an appraisal."

NOW THEREFORE, in the best interest of equitable property tax administration, the State Tax Commission orders that the action of the Sheridan Township, Newaygo County December Board of Review related to the granting of a Principal Residence Exemption for the 2017 tax year for parcel 62-17-15-400-025 be overturned.

BE IT FURTHER RESOLVED that the State Tax Commission orders Sheridan Township, Newaygo County to take all necessary steps to ensure the assessment roll is corrected and the new tax bills are issued for parcel 62-17-15-400-025.

The authority for the actions required by this Official Order is found Section 10d of Act 206 of the Public Acts of 1893, as amended, being Michigan Compiled Law 211.10d and Executive Order 2009-51.

WITNESS, my hand and seal of the State Tax Commission this 12th day of February, A.D. 2019.



Nick A. Khouri, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, Member

I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided in Act 147, P.A. 1960

Heather S. Frick, Executive Director

**STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
STATE TAX COMMISSION**

OFFICIAL ORDER

Whereas, on April 17, 2017 the State Tax Commission assumed jurisdiction of the City of St. Ignace, Mackinac County 2017 assessment roll pursuant to the provisions of the General Property Tax Act, being PA 206 of 1893, being sections 211.1 through 211.157 of the Michigan Compiled Laws, and

Whereas, on August 21, 2018 the State Tax Commission assumed jurisdiction of the City of St. Ignace, Mackinac County 2018 assessment roll pursuant to the provisions of the General Property Tax Act, being PA 206 of 1893, being sections 211.1 through 211.157 of the Michigan Compiled Laws, and

Whereas, the State Tax Commission staff completed a review of the rolls and found their values to be certifiable and

Whereas, the staff requests the State Tax Commission certify the 2017 assessed and taxable valuations as listed:

2017 Assessed Valuations – City of St. Ignace, Mackinac County

Agricultural Real Property:	\$	358,100
Commercial Real Property:	\$	35,929,100
Industrial Real Property:	\$	513,890
Residential Real Property:	\$	55,196,230
Timber Cutover Real Property:	\$	0
Developmental Real Property:	\$	0
 Total Real Property:	 \$	 91,997,320
Total Personal Property:	\$	5,154,270
 Total Real & Personal Property:	 \$	 97,151,590

2017 Taxable Valuations – City of St. Ignace, Mackinac County

Agricultural Real Property	\$	358,048
Commercial Real Property	\$	28,264,962
Industrial Real Property	\$	462,916
Residential Real Property	\$	45,828,946
Timber Cut-Over Real Property	\$	0
Developmental Real Property	\$	0

Total Real Property	\$ 74,914,872
Total Personal Property	\$ 5,042,771
 Total Real and Personal Property	 \$ 79,957,643

Whereas, the staff requests the State Tax Commission certify the 2018 assessed and taxable valuations as listed:

2018 Assessed Valuations – City of St. Ignace, Mackinac County

Agricultural Real Property:	\$ 365,700
Commercial Real Property:	\$ 34,947,650
Industrial Real Property:	\$ 506,370
Residential Real Property:	\$ 54,320,912
Timber Cutover Real Property:	\$ 0
Developmental Real Property:	\$ 0
 Total Real Property:	 \$ 90,140,632
Total Personal Property:	\$ 5,056,190
 Total Real & Personal Property:	 \$ 95,196,822

2018 Taxable Valuations – City of St. Ignace, Mackinac County

Agricultural Real Property	\$ 365,565
Commercial Real Property	\$ 28,701,080
Industrial Real Property	\$ 471,099
Residential Real Property	\$ 46,348,155
Timber Cut-Over Real Property	\$ 0
Developmental Real Property	\$ 0
 Total Real Property	 \$ 75,885,899
Total Personal Property	\$ 5,030,090
 Total Real and Personal Property	 \$ 80,915,989

NOW THEREFORE, it is ordered that the 2017 and 2018 assessed and taxable valuations recommended by staff become the official assessed and taxable valuations for the years of 2017 and 2018.

The authority for the actions required by this Official Order is found in the General Property Tax Act, as amended by 1986, Public Act 223, being sections 211.1 through 211.157 of the Michigan Compiled Laws.

WITNESS, my hand and seal of the State Tax Commission this 12th day of February, A.D., 2019.



I hereby certify that this is a true copy of the Order of the State Tax Commission on file in The State Tax Commission Office as provided In Act 147, P.A. 1960

Heather S. Frick, Executive Director

Nick A. Khouri, Chairperson

W. Howard Morris, Member

Leonard D. Kutschman, Member

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GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RACHAEL EUBANKS
STATE TREASURER

DATE: February 12, 2019
TO: Members of the State Tax Commission
FROM: Emily Leik, Departmental Analyst
SUBJECT: Charitable Nonprofit Housing Organization Exemption

Public Act 456 of 2014 allows for an exemption from the collection of taxes under the General Property Tax Act, Public Act 206 of 1893, for charitable nonprofit housing organizations that own eligible nonprofit housing property. According to the Act, the State Tax Commission shall grant or deny the exemption after consultation with the State Treasurer or designee.

Enclosed is a list of various Habitat for Humanity County Organizations. All applications included in the attached list were reviewed by State Tax Commission staff, are determined to comply with the statutory requirements of Public Act 456 of 2014 and qualify for exemption.

It is recommended that you approve the applications effective on December 31, 2019 for the 2020 tax year, for either a period of three (3) or five (5) years with an expiration date of December 30, 2022 or December 30, 2024, or until one of the following events occurs:

1. The eligible nonprofit housing property is occupied by a low-income person under a lease agreement, or
2. The eligible nonprofit housing property is transferred by the charitable nonprofit housing organization.

State Tax Commission
Applications for Exemption of Charitable Nonprofit Housing Property MCL 211.7kk
February 12, 2019 Meeting

Application Number	Name of Charitable Organization	Unit	Unit Type	County	Parcel Number	Years Approved
19-001	Habitat for Humanity Huron Valley	Ypsilanti	Township	Washtenaw	K-11-02-306-015	3 years
19-003	Blue Water Habitat for Humanity, Inc.	Port Huron	Township	Saint Clair	74-28-020-2028-000	5 years